

BUSINESS WEEK

REPORT TO EXECUTIVES

Natural Gas

PAGE 73



INDEX
YEAR
AGO



James E. Shelton: A retail-minded chief for the bankers' association. (page 103)

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SEPT. 30, 1950

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chemical

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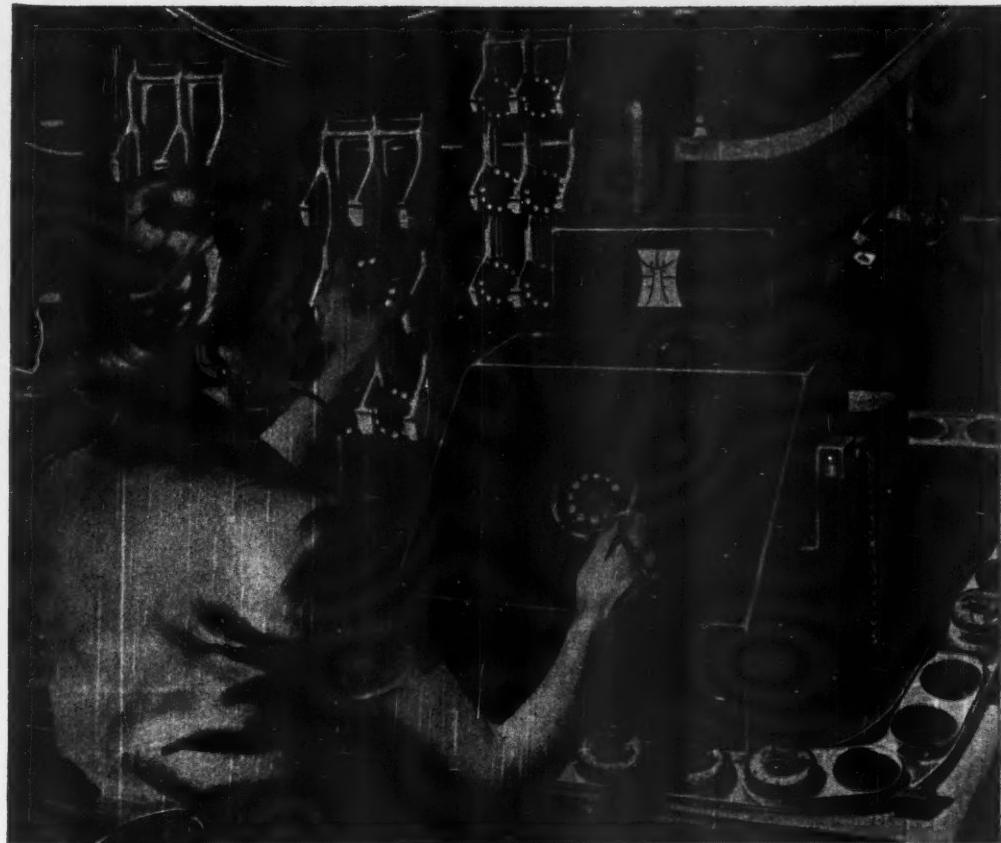
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R. R. to H. W. C.

to 8/30/50

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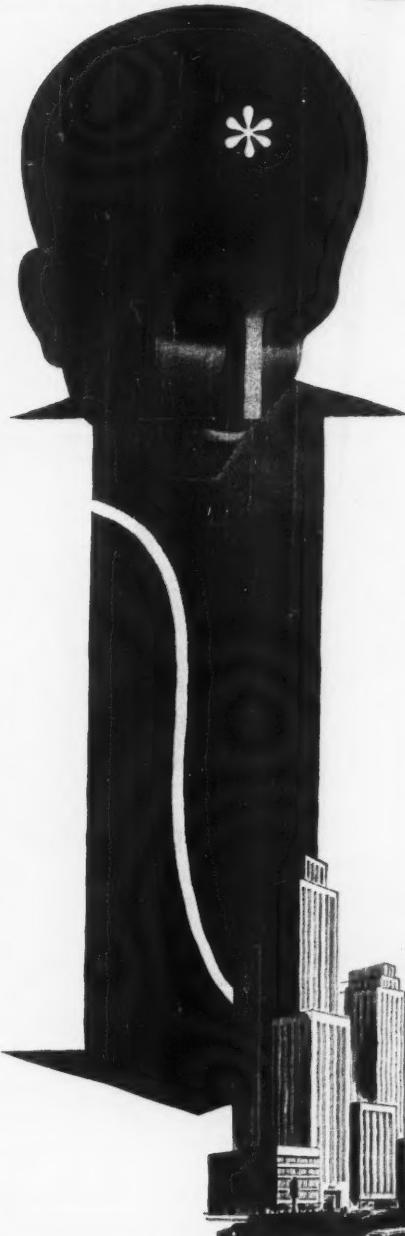
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BUSINESS WEEK • Sept. 30, 1950

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The secret of Synchro-Glide Landing is the teaming of experience-proven Inductors with Rototrol—the exclusive Westinghouse developments that force each car to follow a predetermined pattern.

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Westinghouse

J-98582

Highlights In This Issue



...What a Business Machine Executive learned about DIE CASTING from an Automotive Specialist

A NOTED business machine executive states there are approximately 1,000 parts in the average adding machine and each of these parts creates its own special production problem. Just recently, Auto-Lite, one of the larger automotive suppliers, showed him how, through the use of die cast parts, a considerable saving in the production of these small parts was possible. Today, this saving permits him to place his machine on the market at a more favorable price, an important factor for every manufacturer in the buyer's market.

If you have a die casting requirement in which quality or price is a problem, you are invited to write to

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Die Casting Division
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Chicago 5, Illinois Detroit 2, Michigan

die castings
plastics
wire and cable
industrial
thermometers

War Orders

- They are rolling out now at the peak rate they will hold for years. Actual spending will keep rising until mid-1952.

P. 19

Copper, Zinc, Tin

- They are too scarce to hoard. But the companies with good connections are still getting by.

P. 21

Littler and Poorer...

- But still a solid, effective outfit—and about as far left as a U.S. union can get. That's UE a year after it bounced out of CIO.

P. 111

Package Deal

- Before you run out of stuff to make your product, you may run out of stuff to wrap it in. Smart marketers are lining themselves up to preserve brand identity, even so.

P. 38

Hard to Take

- You may have to let a European steal your foreign markets—and have to sell him stuff to do it with. It's screwy, but that's the warm war. P. 121

Neighbors Welcome

- Steel always wanted to keep Birmingham a steel town. But that's all out the window since the basing point decision.

P. 30

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Fan belt is smaller yet stronger for today's automobile when sinewed with "Cordura" Rayon yarn. Cross sections above show how it compares in size to conventional belt (at right). This new space- and cost-saving belt is possible because "Cordura" is so much stronger than natural fibers generally used.

More pulling power in every cord of "Cordura"

THE greater strength of Du Pont Cordura® High Tenacity Rayon can be used to build extra advantages and sales into many products. Each strand of "Cordura" is inherently stronger than natural fibers commonly used. Made in continuous filaments, it has no short ends to pull apart under strain.

"Cordura" yarn makes tires safer and cooler running. It makes conveyor belts lighter yet tougher. It makes garden hose so strong, that one manufacturer now offers it with a ten-year guarantee. "Cordura" is the industrial fiber that gives you high strength...at low cost.

If you use yarns or cordage in your business, it's likely that "Cordura" can help you also improve your process or your product, or design a new product.

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WHY **SKF**
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BY ALL INDUSTRY

Integrity Craftsmanship Metallurgy Tolerance Control
Surface Finish Product Uniformity Engineering Services Field Service

BUSINESS OUTLOOK

BUSINESS WEEK
SEPTEMBER 30, 1950



Prices aren't going to go up as rapidly in the final quarter of this year as they did in the last three months. Yet the cost of doing business will continue to rise.

Most of the recent declines in raw materials have affected food prices rather than industrial raw materials.

In fact, wholesale prices of commodities, other than farm products and foodstuffs, have set new postwar highs in each of the last seven weeks.

Fastest recent price rises have been in textiles. At the wholesale level, these now are nearly 16% ahead of a year ago.

The 50% rise in raw wool since the beginning of the Korean affair plus 30% in cotton spurred the advance in textiles. Woolen and worsted fabrics have been boosted on five occasions at the manufacturing level; cotton gray goods have gone up by approximately 50%.

Foods and textiles are pulling in opposite directions, at the moment, in the cost-of-living index. Foods are a little lower; rising hog slaughter between now and Christmas will tend to hold down the average.

Clothing, meanwhile, surely will go up. (So will rents and fuel.)

Slower price movements in coming weeks are likely to create an impression that anti-inflation steps won't be necessary.

The real test comes next year, however.

By then orders for arms will be taking a steadily increasing total of man hours and material. Neither Russian "peace offensives" nor success in Korea will mean very much change in the rearmament schedule (page 19).

And the man hours and materials have to come out of civilian supply.

Inflation pressures will mount steadily next summer.

Personal incomes in general, and hourly wage rates in particular, are rising steadily. Goods on which to spend the money will be vanishing.

If it were human nature to accept "austerity" and save money rather than spend it on scarce goods, prices could be restrained. But, with Korea behind us, not even patriotism can be counted on to boost saving.

And with prices rising, the urge will be to buy before they go higher. More and more, the tendency will be to bid prices up until the cost of the shrinking supply of goods cancels out the rise in personal incomes.

Surest way to control inflation would be to take the excess money away from consumers. Thus, if the government were to make rearming a pay-as-we-go proposition, personal income taxes would curb spending.

But if we are to pay only part of the bill, the government should raise the extra money out of bond sales to individuals, maybe forcibly. This, plus taxes, would equate the supply of money to the supply of goods.

But we probably will do neither in sufficient degree.

That would leave most of the job to price controls. But ceilings are an imperfect answer to an excess of consumer cash. Even when the line is held, purchasing power pushes in other directions. We learned that under OPA.

Some combination of taxes, savings, and ceilings is to be expected.

Talk of avoiding serious inflation by getting more production is, at best,

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
SEPTEMBER 30, 1950

very wishful—and, at worst, deceitful. We are close to our limits on manpower and materials, with the job of arming only starting.

A little marginal production—through harder work, longer hours, better machines—can be had. But this will be more than swallowed up by the growing demands for military equipment.

A few more workers can be attracted to manufacturing jobs. However, the net increase will be more than taken up on war work before long.

Factories already are moving rapidly to build up their manpower.

Total factory employment in August was 15,385,000. That represents a jump of just over 600,000 in a month (largest gain ever, excepting for months marking the end of big strikes).

That brings factory employment 1½-million above last year's low. Yet it is 1.3-million under the peacetime peak in September, 1948.

And it is nearly 2½-million short of the wartime peak of 1943.

Durable-goods industries in particular still have a good deal of recruiting to do if they are to boost employment to 1943-44 levels.

Employment in nondurable-goods lines is almost exactly where it was in 1943. But in the heavy stuff, particularly metalworking and machinery, employment is nearly 2.2-million less than top, hit in November, 1943.

Some workers will be freed for other jobs by output declines in the industries in which they normally work.

This is true of construction, particularly residential. Washington's latest prediction, even more pessimistic than earlier ones, is that housing starts next year probably won't exceed 800,000. (Estimates as low as 700,000 are mentioned by builders themselves.)

Construction now provides jobs for nearly 2.6-million. That's 900,000 above the late stages of World War II. But construction employment isn't going down that much any time soon. Industrial and commercial construction is much more active now than late in the war.

And credit curbs, severe as they may be, might not knock down housing starts as far as most people seem to think.

This will give you some idea how the labor force has tightened:

The state of Oregon reports more than 98% of its available workers have jobs. Only 14,800 are actively seeking jobs, a decline of 6,200 in a month and the lowest figure since the end of the war.

Higher interest rates haven't put the brake on borrowing.

Bank loans to business borrowers have been rising as never before. The gain in the week ended Sept. 13, for the weekly reporting Federal Reserve members, was a record \$400-million.

That carried the total to \$15.3-billion, up \$2-billion since May.

At this time in the 1948 boom, such loans were almost the same as now—\$15.2-billion. But they had risen only half as much as this year.

Meat supplies are pointing up. And prices are pointing down, at least a little. Total slaughter under federal inspection in the week ended Sept. 15 was the highest since April (dressed weight: 155-million lb.).

Beef output for the week was the largest since last January.



58,600 square feet of Alcoa Industrial Building Sheet cover this warehouse of The Glenshaw Glass Co. Erected by E. G. Smith Co., Pittsburgh, Pa.

IT WENT UP FAST! IT'S BUILT TO LAST!

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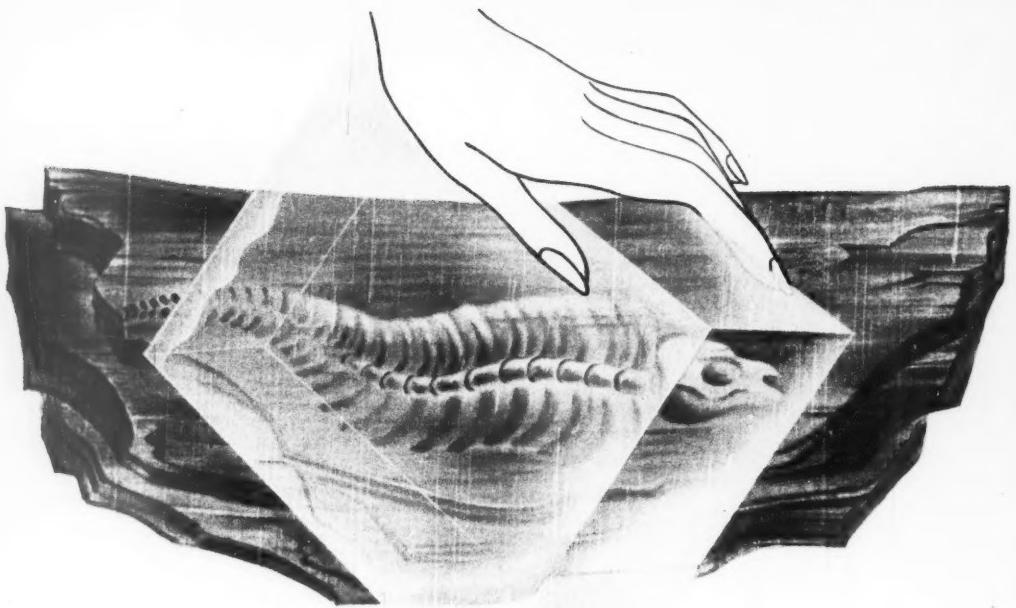
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from fossils 50 million years old...



Westvaco's new phosphorus plant in Idaho where giant furnaces reduce phosphate shale to elemental phosphorus—basic source of commercial phosphates.



PHOSPHATES, extracted from age-old deposits of marine fossils, are one of the essential chemicals that make today's synthetic soap powders such amazing cleaners. As *builders* for detergents, their cleansing action loosens and disperses dirt particles from soiled articles, leaving no scum or ring on tubs or basins. Produced in huge electric furnaces by FMC's Westvaco Chemical Division, basic elemental phosphorus is converted into various other phosphate compounds. These are used extensively in penicillin, baking powders, soaps, textiles, plating baths, commercial cleansers, boiler water treatment, to mention a few. For over a half century, Westvaco has been identified with pioneering in the field of phosphates, as well as other chemical developments.

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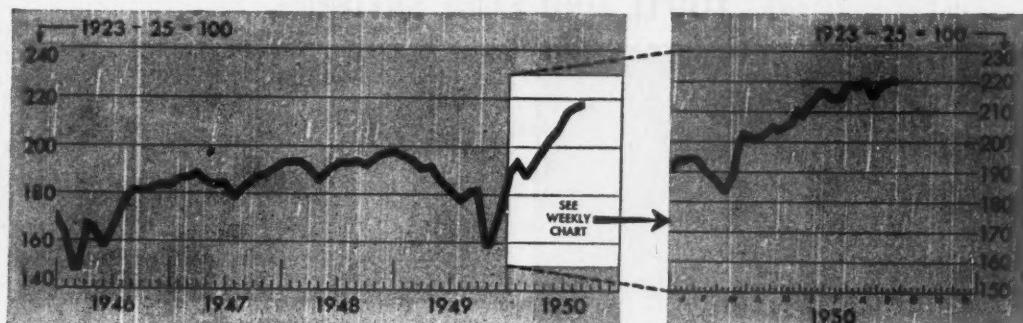
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FIGURES OF THE WEEK



Business Week Index (above)

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1947 Average
Steel ingot operations (% of capacity).....	100.7	100.4	97.1	84.6	97.3
Production of automobiles and trucks.....	187,556	†185,421	179,042	158,007	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$41,719	\$46,400	\$40,226	\$28,483	\$19,433
Electric power output (million kilowatt-hours).....	6,457	6,449	6,346	5,556	3,130
Crude oil and condensate (daily average, 1,000 bbls.).....	5,894	5,938	5,699	4,933	3,842
Bituminous coal (daily average, 1,000 tons).....	1,883	†2,013	1,880	1,449	1,685

TRADE

Miscellaneous and l.c.l. carloadings (daily average, 1,000 cars).....	83	81	81	73	86
All other carloadings (daily average, 1,000 cars).....	62	61	61	51	52
Money in circulation (millions).....	\$27,081	\$27,151	\$26,963	\$27,365	\$9,613
Department store sales (change from same week of preceding year).....	+17%	+8%	+12%	-7%	+17%
Business failures (Dun & Bradstreet, number).....	155	165	176	169	228

PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100), Aug. 173.0	172.5	168.8	105.2
Spot commodity index (Moody's, Dec. 31, 1931 = 100).....	471.8	475.4	469.7	345.2	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	312.8	311.7	296.0	229.1	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	351.9	355.4	359.1	294.8	146.6
Finished steel composite (Iron Age, lb.).....	3.837¢	3.837¢	3.837¢	3.705¢	2.396¢
Scrap steel composite (Iron Age, ton).....	\$40.67	\$40.75	\$40.92	\$27.92	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	23.010¢	23.105¢	22.521¢	17.625¢	12.022¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$2.21	\$2.20	\$2.19	\$2.16	\$0.99
Sugar (raw, delivered New York, lb.).....	6.25¢	6.25¢	6.25¢	6.04¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	40.98¢	40.95¢	38.61¢	29.76¢	13.94¢
Wool tops (Boston, lb.).....	\$3.10	\$3.10	\$2.85	\$2.05	\$1.41
Rubber (ribbed smoked sheets, New York, lb.).....	60.00¢	57.50¢	54.40¢	17.04¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	153.7	153.0	147.4	123.2	78.0
Medium grade corporate bond yield (Baa issues, Moody's).....	3.22%	3.21%	3.22%	3.37%	4.33%
High grade corporate bond yield (Aaa issues, Moody's).....	2.66%	2.66%	2.61%	2.60%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	11-13%	11-13%	14-13%	14-13%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	11-14%	11-11%	11-11%	11%	1-8%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	49,063	49,269	48,561	46,436	††27,777
Total loans and investments, reporting member banks.....	69,567	68,855	68,176	66,463	††32,309
Commercial and agricultural loans, reporting member banks.....	15,517	15,330	14,512	13,289	††16,963
Securities loans, reporting member banks.....	2,095	2,050	2,296	2,016	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks.....	34,919	34,840	34,894	37,874	††15,999
Other securities held, reporting member banks.....	6,366	6,267	6,176	5,062	††4,303
Excess reserves, all member banks.....	390	990	800	516	5,290
Total federal reserve credit outstanding.....	19,169	19,665	18,883	17,633	2,265

*Preliminary, week ended Sept. 23.

††Estimate (BW—Jul. 12 '47, p16).

‡Revised.

†Date for "Latest Week" on each series on request.

WHERE DEPENDABILITY IS VITAL ...YOU'LL FIND EXIDE BATTERIES



LIGHTNING ASSUMES FANTASTIC FORMS... does unpredictable things. When it short-circuits a power line, a circuit breaker is tripped upon . . . but is instantly closed by storage batteries. Instead of your lights going out, all you see is a flicker. Many Exide Batteries are used by public utilities for this service.

All around you, Exide Batteries are serving you in numerous ways. For there are Exides for every storage battery need.

Exide Batteries provide motive power for battery industrial trucks, which help cut handling costs and speed the flow of goods to you. In

railway service Exide Batteries are also used for car lighting, Diesel locomotive cranking and signal systems. They provide battery power for ocean vessels, airplanes, municipal fire alarm systems, emergency lighting. And on millions of cars, trucks and buses, they daily prove that "When it's an Exide, you start."

THE ELECTRIC STORAGE BATTERY COMPANY, Philadelphia 32

Exide Batteries of Canada, Limited, Toronto



BEHIND THE SCENES IN TELEVISION. Important to its transmission is the telephone industry's amazing coaxial cable, which can carry television programs or hundreds of conversations at the same time. Storage batteries are essential equipment in television broadcasting. Many are Exides.



THROUGH CAR TO VACATION LAND. Hot city streets seem miles away the instant you enter a comfortable, air-conditioned passenger car. On many famous trains, electrical power for air-conditioning is supplied by Exide Batteries.



FAR BELOW THE EARTH'S SURFACE coal mining has been revolutionized by modern mechanization. Much of the haulage equipment is powered by safe, dependable Exide Batteries.

Information regarding the application of storage batteries for any business or industrial need is available upon request.

Exide
Reg. Trade-mark U.S. Pat. Off.

WASHINGTON OUTLOOK

WASHINGTON
BUREAU
SEPT. 30, 1950



Businessmen plagued by raw material shortages are protesting to Washington, asking that something be done.

The complaints are pouring in in letters, wires, phone calls, and visits to the National Production Authority. They are coming mostly from smaller producers who recall the wartime squeeze on them.

The big gripe is that the hard-to-get metals are distributed unevenly. Thus, while one manufacturer is forced to cut his civilian output, a competitor runs full blast. And there's a sprinkling of claims that shortages are delaying work on defense orders.

This is pressure for controls—from businessmen themselves. It will help pave the way for more intervention by the government later, when arms production really gets rolling.

But general material controls are months away. The official attitude is that early priorities and allocations must be for military essentials, limited largely to what is needed to fill direct arms orders.

NPA wants to stay clear of civilian priorities as long as possible. The reason is that once the government starts ticketing materials for one civilian use, it soon would be forced to ration them all around.

Freight cars are an example: They are essential to national defense; right now a stepup of production is badly needed. That takes steel.

The question which plagues NPA is this: Will steel priorities for freight car makers have to be followed with priorities for makers of other things which are essential, though not bought by the military?

Most officials think so, hence are reluctant to move fast.

Material shortages won't end with Korea, but there may be an easing. Truman's advisers figure it this way: Manufacturers have been stocking up, and many might now taper off buying to see what is going to happen when the shooting ends. That would bring the pressure down.

But the relief will be temporary. It doesn't change control prospects. The end of the fighting has been anticipated in all official thinking.

The plan is to go through with the defense program, Korea or no Korea. That's been decided at the White House as necessary to future safety.

Note what Secretary Sawyer said this week: We will have years of big taxes, shortages, and inflation controls; a greatly expanded production is our only way out over the long pull.

That's the official line handed down by Truman. And you will hear it hammered home by other top brass—Marshall, Acheson, Chapman, etc. The Russian "peace offensive" will be treated as a phony.

The wage-price spiral is spreading out into the basic raw materials. That means further rises in living costs in the months ahead.

Aluminum: Alcoa's 10% (15¢) wage boost was followed with a price rise of 9%.

Steel: Washington expects Murray's CIO steel workers to get a pay

WASHINGTON OUTLOOK (Continued)

WASHINGTON
BUREAU
SEPT. 30, 1950

boost between now and Jan. 1, and the assumption is that steel prices will rise, too. And when steel prices go up, so do the prices of thousands of finished products used by industry and consumers.

Wage-price ceilings now are talked of by officials as sure to come. The big question is when. There's no pat answer on that. But the guessing is early next year—after the current spiral begins to make a second turn. This means more climbing of wages and prices before the government acts.

•
Legislation left pending by the adjournment of Congress retains its status until the lawmakers reconvene on Nov. 27. Nothing dies.

But don't count on much from the short session. The big program which leaders say they are mapping is mostly talk stuff—so campaigning members can brag about what they will do later. Lame duck sessions seldom go far.

Voting more billions for defense looks like the No. 1 job for Congress in December. The \$30-billion already laid on the line is being soaked up fast (page 19). The procurement part of it will be nearly exhausted by January.

Another \$10- to \$15-billion is what the military figures it needs to keep defense buying on schedule until next June 30. Congress will vote that, regardless of election results.

Quick enactment of an excess-profits tax doesn't look likely. A start on a bill will be made Nov. 15, when the House Ways & Means Committee gets back to work. But there probably isn't time enough to put a law through in the special 30-day session. The difficulty is in writing an exemption that's fair to all.

Here's the problem: Capital investment since 1946 has been tremendous. But this expansion is so new that it's not yet fully reflected in higher earnings. So exemptions based on 1946-49 average income would mean that delayed profits would be taxed as "excess"—even if they have no connection with defense.

The World War II remedy was Sec. 722, which provided relief for growth companies and others with abnormal base periods.

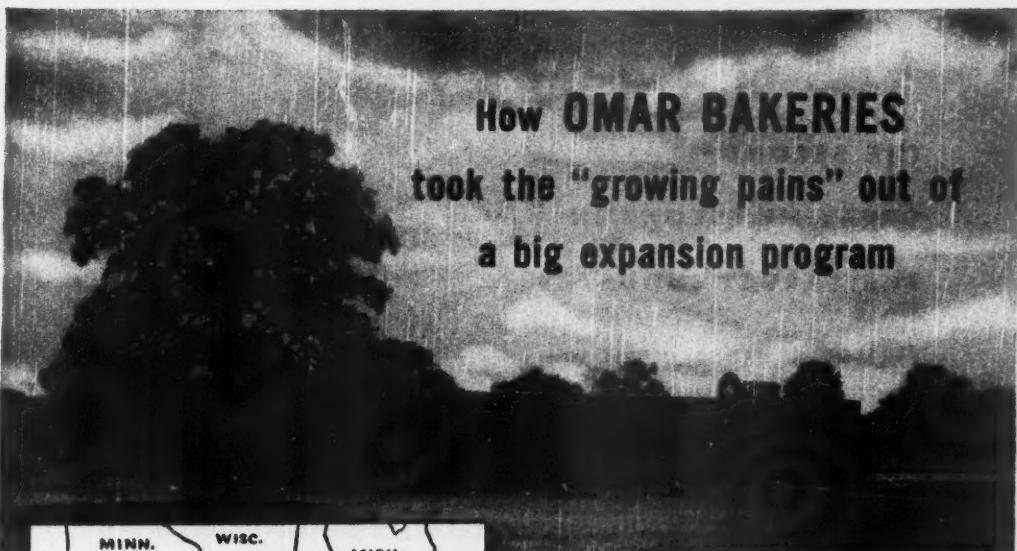
But the experts say it won't work now. There would be so many relief cases that they couldn't be handled. Neither congressional nor Treasury tax men have the answer. And until they get it, they want Congress to go slow.

Tighter rent control is sure to be recommended by Truman in November. But the odds are that controversies will block action until next year.

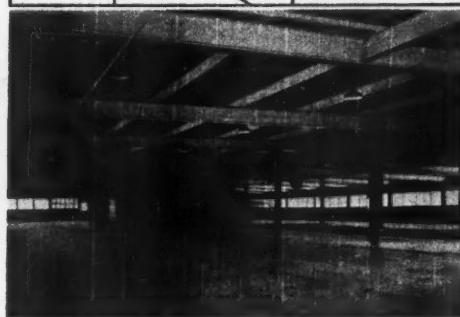
Antitrust bills, with bigger fines and control of mergers, have a chance. They have passed the House and will pass the Senate if they come to a vote.

Politics: Turn of the tide in Korea will take some heat off the Democrats, even though "victory" may be only a stalemate at the 38th parallel (page 24).

The most Truman can expect is to hang on to a majority in Congress. Most politicians are convinced that he has lost any chance he might have had to gain enough new Democratic seats to put the Fair Deal fully in control.



How OMAR BAKERIES took the "growing pains" out of a big expansion program



Interior view of truck garage section of one of the 28 Luria Standard Buildings erected by Omar Bakeries. Each building is 110 feet wide, varying in length from 68 to 248 feet, depending on the truck storage requirements. Interior arrangement is identical in every building, so that Omar route men are equally at home in any branch.

...by standardizing on
LURIA BUILDINGS

28 installations in 6 states—and still building!

Planning, engineering and erecting 28 new branch buildings in 6 states would ordinarily present quite a problem. But Omar, Inc. solved it, simply and economically, by using one basic Luria Standard Building for every installation.

These new buildings—including office space and complete facilities for loading, storage and repair of delivery trucks—were planned with Omar for identical streamlined efficiency of every branch operation. Appearance was an important consideration, too, and every Omar building is a credit to the community as well as a distinctive identification of the Company.

All of these exacting requirements were met—at tremendous savings—with Standard Buildings by Luria. Each building was delivered to the site completely fabricated and ready for fast, easy erection.

*You, too, may have a distribution problem—or a production problem. But if it's buildings you need, the solution is simple—**STANDARDIZE WITH LURIA.***

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Gentlemen: Please send me a copy of your new catalog on Standard Buildings.

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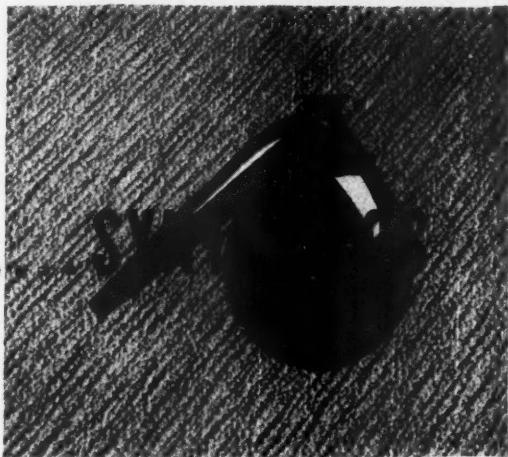
COMPANY.....

ADDRESS.....

CITY..... STATE.....

THE SECOND*
GREAT MILESTONE IN
THE CARPET INDUSTRY.

**BIGELOW-SANFORD, IN 1951, WILL
DEVOTE 27% OF ITS PRODUCTION TO
CARPETS CONTAINING FIBERS CREATED
BY SCIENCE!**



This is the story of a search. Bigelow-Sanford began it 16 years ago to find a man-made fiber that would make carpets more attractive both in quality and in price.

The search was long and exhaustive. It included hundreds of laboratory experiments . . . the operation of a small rayon factory as a pilot plant . . . countless "service" tests in homes, stores and offices. And there were many failures.

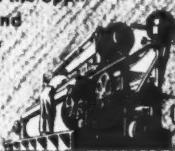
But finally a special, tough, long-wearing rayon fiber was developed. By combining this synthetic fiber with natural wool fiber, Bigelow-Sanford's research staff has created a number of brand-new carpet yarns.

In 1951 four major Bigelow types of carpet will be woven from these new rayon-wool blends. A fifth will be all-rayon. The five lines will comprise 27% of our production.

The blended yarns equal all-wool in durability, springiness and soil resistance. In their manufacturing characteristics, they are superior to wool. Each blend has been "tailored" to meet the production requirements of specific weaves and textures. Such factors as dyeability and yarn weight can be more easily predicted and kept uniform.

In short, synthetics are giving us the fundamental advantages of all man-made materials: precise control of quality right from the source; a lower and more stable price level.

*The first milestone was the application of power — and Bigelow led the way here, too. In 1839 Erastus B. Bigelow invented the first power loom for carpet-weaving.



This is only the beginning. But the end results are already clear. For the consumer: better rugs at lower prices. For Bigelow-Sanford and the industry: an ideal raw material to work with—and, therefore, more efficient production, smaller inventories and greater operating stability.

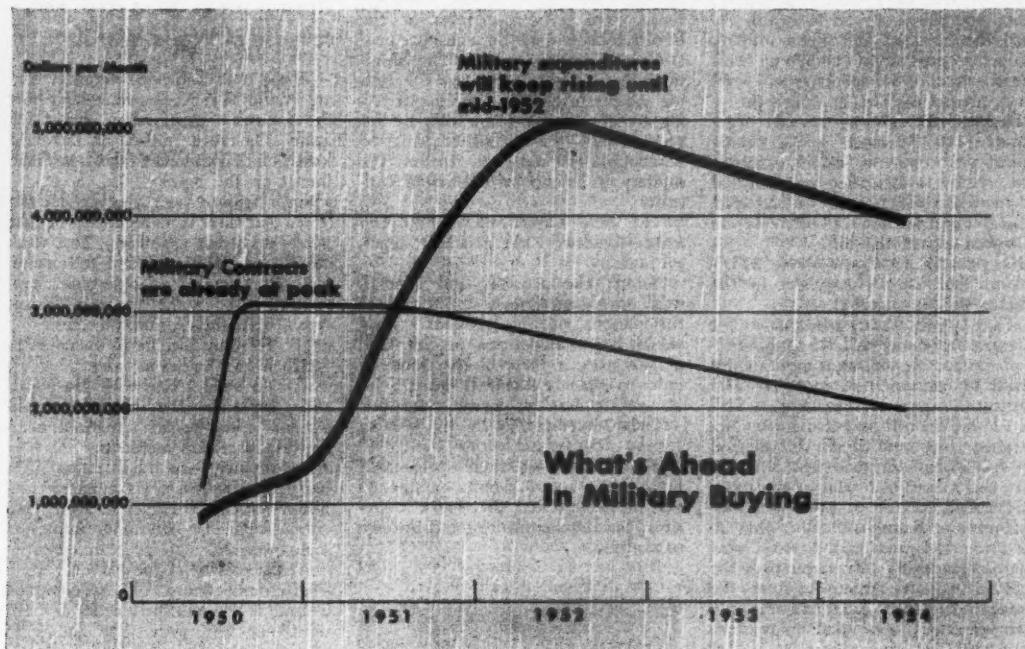
Bigelow-Sanford Carpet Company, Inc.

Beauty you can see . . . quality you can trust . . . since 1825



BUSINESS WEEK

NUMBER 1100
SEPTEMBER 30, 1950



You Are Just Starting To Feel It

Contracts are just starting. Spending—real measure of mobilization's impact—will rise for a year and a half.

Military spending will be the thing above all else that sets the pace for U.S. business throughout the next two years or more. That much has been obvious from the start of the new armament program. And this week for the first time you could get a clear picture of just how this flow of government money into the economy will build up (chart).

It's plain from the figures that the U.S. is just about now beginning to feel the impact of mobilization. Contracts are just starting to move out in volume, and the rise in military spending has just begun. On the basis of present plans, spending won't hit its peak until sometime in 1952. It won't even start its period of most rapid rise until the spring of 1951.

• **No Quick Switch**—A quick end to the fighting in Korea won't make any real difference in these figures. Armament plans for 1951 and 1952 were

never tied to Korea. They are a long-run program, designed to put the U.S. military establishment in shape to handle other Communist thrusts anywhere.

In fact, a quick peace in Korea might exaggerate the economic repercussions of military spending. Congress wouldn't cut back appropriations when the shooting stopped; but it might be reluctant to put through a hard-boiled program of inflation control.

• **Orders and Deliveries**—When you start to size up the figures on military procurement, you have to remember that it takes time to make munitions. Signing a contract for guns or tanks doesn't put any direct strain on the economy. The squeeze starts when the contractor begins to round up men and materials. It reaches its peak when he settles down to producing and delivering the goods his contract calls for.

Military expenditures—payments for goods and services as they are delivered

—give you a pretty good index of the pressure on the economy at any given time. And the volume of military contracts being let tells you what's scheduled for the future.

• **Peak Orders**—Since June, the armed services have been obligating (military language for letting contracts) their procurement dollars at the rate of \$3-billion a month—\$36-billion a year. This is intended to be the peak rate under the present program.

This sounds impossible to the average businessman—who hasn't yet seen a government contract or cashed a government check. The answers are simple: (1) In the rush to get its orders out fast, the military establishment has been dealing mainly with the biggest companies; (2) there hasn't been time yet for prime contractors to put out the network of subcontracts they will need eventually.

• **Buildup in Spending**—From here on, though, government work—either on direct contract or subcontract—will filter rapidly through the business system.

Pentagon economists figure that by

next June 30 the rate of expenditures—only \$1.2-billion a month today—will hit \$3-billion a month. That will match the \$36-billion-a-year rate already reached by contracts.

And by mid-1952 spending will reach a peak of \$5-billion a month. That \$60-billion a year rate will exceed the expected \$50-billion military budget as production catches up with orders. After 1953, spending will level off at around \$4.2-billion a month.

• **Heavy Ordering**—The contract negotiators in the Pentagon are earmarking money just about as fast as Congress can vote it. In fact, they had obligated all the \$14.5-billion in the regular (pre-Korea) appropriation bill even before Congress passed the bill.

By the end of the year, all the \$15.7-billion that came along later in the session will be allocated.

That is why Truman is anxious for Congress to come back for a post-election session. He will want more money voted to continue the pace in 1951. Present estimates are that another \$10- to \$15-billion will be asked for in November. Just how much will depend on two things: the final cost of Korea and the loss in the value of the military dollar because of price increases.

• **Hardware Rising**—Actually, the effect you feel from mobilization next year will be rising even faster than the figures suggest. About half of the money being spent today is going into "housekeeping"—pay and allowances, transportation, and the like. That money doesn't put much direct demand on the nation's supply of strategic materials and manpower.

But by the middle of next year, about two-thirds of the spending will be for hard goods—tanks, guns, planes. They take the steel, the electronic equipment, and the production lines. As they build up toward their peaks, priorities and allocations, limitations on civilian manufacturing will begin to show up. And the upward pressure in prices will grow.

The two-thirds for hard goods won't drop below 50% even when the pipelines are filled.

• **Dollar Erosion**—All these estimates are more likely to be minimums than maximums. Continued price rises and more "police actions" would only add to the cost.

Already prices of munitions materials have gone up. They are one reason the military wants still more money this fall.

Prices of some radar sets have tripled. Most electrical equipment has gone up over 25%. Raw material costs are going through the roof. In four months, rubber has doubled; copper gone up 15%; aluminum, 9%; lead, 33%; steel scrap, 52%; fuel oil, 54%.

Price increases have chopped more

than 700 planes from the number that defense officials figured they could buy when they drafted the Korea supplemental appropriations.

• **Big Contracts**—In spite of the stepup in procurement, comparatively few businessmen hold government contracts today. That's because most of the buying is being done through huge contracts with major suppliers. The Munitions Board has told military contracting officers to give up the idea of trying to let important contracts by advertised bidding. It took too long to unscramble the red tape. Instead the military is buying by negotiated contract.

The very nature of mobilization makes for fewer, but generally larger, contracts.

Before, the admirals and generals were buying equipment for testing at the various proving grounds. They would buy a half-dozen of this kind of gun, two or three of that kind, in order to evaluate them. It meant a lot of small orders for many companies.

Today, buying isn't for the proving ground. It is for use.

That means no more tailor-made tanks—but assembly-line production and the large orders that make it possible. Smaller companies get in through subcontracts.



New Boss of ECA

Next week William C. Foster steps into the hefty shoes of Paul Hoffman as director of the Economic Cooperation Administration. Like Hoffman, Foster is a Republican and a businessman, but he has had more experience in government than his former boss. In World War II, Foster left his job as president of Pressed & Welded Steel Products, Inc., to take a series of government posts. He served as Under Secretary of Commerce, joined ECA in 1948.

Sic Transit—

Public conveyance industry prepares for mobilization strain, seeks to avoid near-collapse of World War II.

If you used public conveyances during World War II, you remember how the nation's transit system almost fell apart. The twin impact of increased loads and equipment shortages had transit on the ropes.

• **Never Again**—Now transit men are out to see that there is no repetition of that nearly disastrous experience. Last week in Chicago, 500 operators and manufacturers attended an emergency conference, called by the American Transit Assn., with these prime objectives:

- (1) To rouse the transit operators to get their own houses in order.
- (2) To build a case with the public and government that transit is essential and must be given needed manpower and critical materials.

• **Requirements**—As the first step, ATA last August named a war program committee, headed by Harley L. Swift, Harrisburg, Pa., to determine minimum manpower and material requirements.

At the request of the National Security Resources Board, ATA has compiled a study of the industry's needs in event of all-out war, with 1940 and 1945 comparisons:

	1940	1945	195?
Passengers (millions)	13,098	23,254	26,900
Fuel (million gal.)	340.3	478.4	702.6
Vehicle miles (millions)	2,596.0	3,253.8	3,792.3
Vehicles (thousands)	75.5	90.3	104.3
Employees (thousands)	203.0	242.0	255.5
Kwh. (millions)	6,286.0	6,928.0	6,146.0

Compared with 1949, ATA figured that full mobilization would raise the transit needs by these percentages: vehicles, 18%; fuel, 28%; materials and spare parts, 20%; manpower, 1%.

• **Heavier Load**—These comparisons point up several important trends. Full mobilization, with gasoline, tire, and other rationing hitting motorists, would throw a heavier load on public transportation than it did in World War II. Our population is larger now; greater decentralization of war industries would mean expansion of transit lines to serve them; mobilization probably would be more intense than in 1941-45.

• **Better Physically**—The industry today is in better physical condition than in 1941. Of the 90,000-odd vehicles now in service, nearly a third are no more than three years old; in 1941, only one-sixth were three years old or less. Also, nearly two-thirds of the present vehicles are self-propelled and can operate over

any route; that was true of less than half the vehicles in 1941.

• **Finances**—On the bad side is the industry's "precarious financial condition," according to Edwards. Earnings for three years have been at or below 41% of gross income, 13% of invested capital. Revenue passengers dropped from 23-billion in 1946 to 19-billion in 1949, probably will number around 17-billion in 1950. Fare increases have lagged far behind costs.

New Subversives Law Will Label Defense Plants

The new subversives law that Congress passed over Truman's veto last week gives one small chore to the businessman producing on a defense contract. If directed by the Secretary of Defense, he must post a notice in his plant stating that it is a defense plant. This is a warning to Communists and fellow travelers that if they try to get—or actually do get—a job in the plant, they are violating the law and can be sent to jail.

The new law says that a Communist or a fellow traveler may not work in a defense plant. But workers must be let know which are defense plants.

• **Not Responsible**—Employers are not held responsible by law for screening workers. That's up to the FBI and other government intelligence officers.

The Secretary of Defense is not required to name-tag defense facilities unless he thinks the new subversive control law will help maintain security.

Getting By—But Only Just

Copper, zinc, nickel, and other nonferrous metals have caused few production cutbacks yet, but most manufacturers have dangerously low inventories, expect trouble soon.

The shortage of nonferrous metals this week has manufacturers chewing their fingernails. So far, only a handful have had to cut back production because of empty bins. But the day for everybody seems to be not far off.

• **Hand-to-Mouth**—Almost all companies surveyed by BUSINESS WEEK report that their nonferrous inventories are dangerously low. In certain metals some have no inventories at all, are keeping production going on a hair-raising, day-to-day basis. For example: Delco Division of General Motors says that it once even sent a man out to see if a truckload of material was coming around the corner. It was—so they didn't have to send their workers home.

Situations of that kind are more common than unusual throughout industry today. For that reason, most manufacturers smile grimly over National Production Authority's regulation on "inventory control" (BW-Sep. 23'50,p21). It provides for penalties against companies which hoard nonferrous metals.

• **Nothing to Hoard**—Industry's answer to that is simple: "How can we hoard when we can't get the stuff fast enough to keep our inventories normal?"

A year ago, manufacturers found themselves in just the opposite position—stuck with long inventories of non-

ferrous metals. They quit buying, aimed at working stockpiles to a minimum. They had just about got them to that level when civilian demand came racing along at a tremendous rate. Almost overnight a tight situation developed in the metals—so fast that nobody had time to build up inventories again.

So far, the Korean war has had little direct effect on the shortages—except as it has boosted civilian demand even further. The trouble is that this demand is using up the metals faster than they can be brought out of the ground. And they are being brought out, in most cases, at a faster rate than ever. But consumption of copper, for example, is 120,000 tons a month, while domestic production is 80,000 tons.

• **What's Tight**—In the over-all picture, zinc and copper are the tightest of the major nonferrous metals. But lead and aluminum are in only very slightly better supply. Practically everything is on some kind of voluntary allocation basis.

For example: One of the big plumbing-supply makers reports that the No. 1 shortage is its No. 1 ingredient: nickel. The company has about two month's supply on hand. Since it finds nickel "almost impossible to buy" at any price, it doesn't know what it's going to do after that runs out.

Another manufacturer, who uses a lot of copper, says that the supply situation is "very, very critical—worse than steel." Yet other companies can get what they need. Those who have been buying their supplies from the same firm over a long period of time fare the best.

• **Prices Skyrocket**—Meanwhile, the shortage has boosted prices anywhere from 8% to 20% in some metals, even higher in others. Last week one company was holding the price of copper at 22½¢ per lb. Others were selling it at 24¢, or higher. And some customers were paying over 30¢.

Just how much the present squeeze is going to affect production, no one can say yet. But one manufacturer unconsciously illustrated that even a cutback would leave production at an impressively high rate. After crying louder than anybody else about the nonferrous shortage, he admitted that he was getting nearly twice as much copper and aluminum now as he was six months ago. He had put on a full second shift, built up the first shift workers to full strength. "Dammit," he roared, "where has all the copper disappeared to?"



THE NAVY HAS RECEIVED the first of these big Sikorsky HO4S helicopters for use with the fleet. Powered with a 600-hp. Wasp engine, the HO4S has a range of 400

nautical miles, can carry a load of over 2,000 lb. Main rotor blades can be folded so the helicopter will fit into carrier elevators.



TELEPHONES

Cubbyholes of acoustical tile give more air and space than booths, save luggage worries.



TICKETS

Open desk personalizes sales. Agents use one central ticket rack with fare listed next to tickets.



CHECKROOM

Bags stay on floor, slide under steel bar. Signs are glass, not Neon.

"Now Judge Toledo by Its

Toledo, Ohio, has something a lot of other cities want and need—a brand-new railroad station. Last week Toledoans were whooping it up to celebrate the official opening of their Central Union Terminal.

The New York Central stood smiling by; the smile cost the road \$5-million. Railroads rarely go in for multimillion-dollar passenger terminals; their big money is in freight. But three years ago, just when it was recovering from a \$10-million deficit, the Central decided to indulge in a luxury item—an architectural delight designed for passengers rather than freight.

• **Hate Since 1909**—Perseverance won Toledo the nod. The city's old station, opened in 1886, was a Victorian mon-

strosity; it was dark and filigreed with brass and plate glass. Toledo began hating the station—officially—in 1909. That was when the Chamber of Commerce first prodded the Central to build a new one. It submitted a formal plea in 1914. Because of the war, the Central turned thumbs down, but throughout the 20's Toledo kept optimistic. The Central seemed to be more amenable.

When the old station caught fire in 1930, the city cheered. But the Central rebuilt it.

• **Telling Misspelling**—Toledo campaigned in earnest again during World War II. Kenton D. Keilholtz, a prominent businessman, plastered posters around the town that said, "Don't Judge



CONCOURSE

Different colored divans line 200-ft. concourse. Fluorescent lighting above.



LOBBY

says: "Toledo—Glass Center of the World." Cafe, newsstand are nearby. Bridge leads to parking plaza.



DISPATCHERS

Acoustical walls separate dispatchers, who use loudspeakers instead of headphones.



LISTINGS

Arrivals and departures are listed in red on tan glass that's hard to mark and easy to clean.

Union Station"

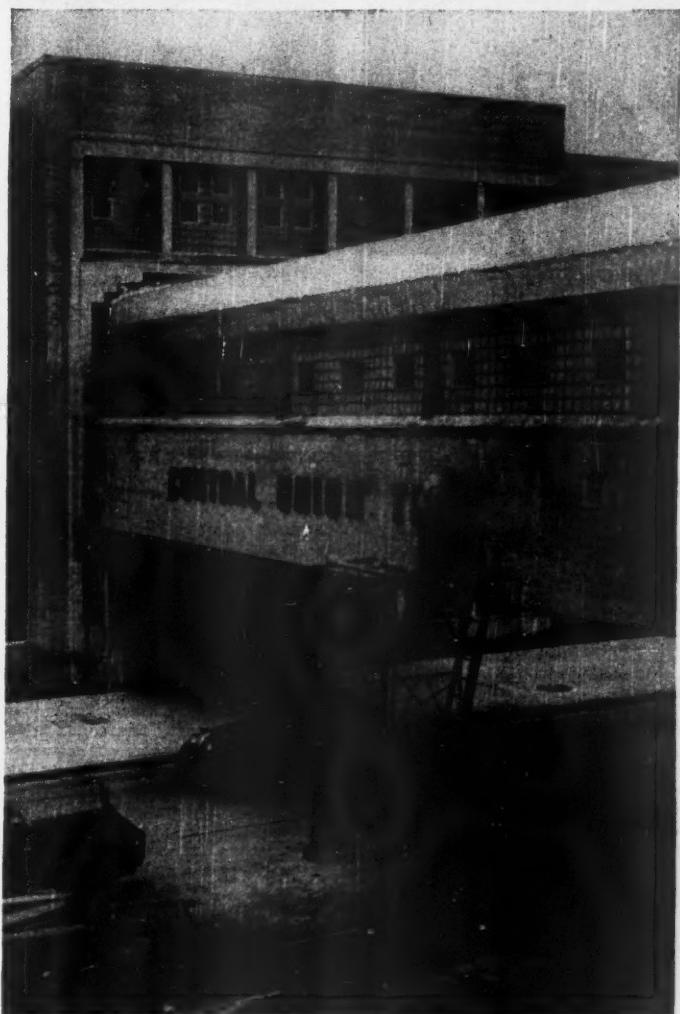
Toledo by It's Union Station." His program had more passion than patience, as the mispunctuation suggests. But it was the final straw. A few years later, goaded by the Ohio Public Utilities Commission, the Central voted funds. Duffy Construction Co. began work on the terminal Oct. 2, 1947.

• **Beds and Displays**—Central Union Terminal has four floors. The first is for baggage and maintenance. On the second floor are 27 single and three triple rooms for train crews to stay in between runs, and a modernistic recreation room. The main floor—the third—is colorful, spacious, and well-lighted. Stairs, ramps, and elevators connect with trains below, while a bridge leads to the parking plaza. On the mezzanine, circling the two-story-high waiting room, are administrative and dispatching offices.

• **Local Goods**—The whole shebang is packed with the products of Toledo's four big glass manufacturers. The main floor has 30,000 sq. ft. of Fiberglas acoustical tile that reduces train noise. Walls are lined with tan and mahogany Vitrolite, a structural glass that's supposed to last long. It's also easy to clean. The 40,000 glass blocks in the terminal have sets of prisms that turn light rays toward the ceiling. And for insulation, Robert Corsbie, the N. Y. Central's architect, used 200,000 sq. ft. of Fiberglas.

Serving the New York Central and (on lease) the B&O, C&O, and Wabash, the station is the first the Central has built in 20 years. Building the new station involved shifting miles of track and many service houses, plus erecting a repair shop and mail depot.

After the dedication on Sept. 22, one lady commented, "I'm almost sorry to see the old station go." But most Toledoans were touting their revised sign: "Now Judge Toledo by Its Union Station."



HORIZONTAL

bands of aluminum and window give four-story terminal a long low look. It was designed by Robert Corsbie of N. Y. Central.



Sen. Robert A. Taft



Gov. Chester Bowles



Rep. Joseph Martin



Sen. Scott Lucas



Gov. Thomas E. Dewey



Rep. Sam Rayburn

In the Senate ...

In the States ...

In the House ...

1950 Questions: What Face Do You Like?

That's what the campaign comes down to. National issues get no play in races for Congress, governorships.

There are only 38 days left for the politicians to shop for votes. And they aren't losing any time. Adjournment of Congress last week started the electioneering in earnest.

What's at stake this November 7? And what are the issues?

In Congress, 435 House and 36 Senate seats will be filled. In the statehouses, 48 legislatures and 33 governors will be elected.

The big issue for 1950: whether the outs will get in or the ins will stay in. • **Off-Year Races**—Even in normal times, elections in off-presidential years seldom are fought over national party policies. It's each man for himself.

This year Korea, and the mobilization at home, have just about washed out all the old, liable issues like government medicine, farm subsidies, tariffs, and taxes in an emergency. Congress always takes a back seat once it has provided the money and authority the Administration needs.

• **Fair Deal Dumped**—Democrats all over the country are dumping Fair Deal

proposals, plank by plank. "Support the President" is about their only national issue. And a lot of candidates are playing that tune softly, if at all.

In California, ultra-New Dealer Helen Gahagan Douglas is staking everything on winning middle-of-the-road Democrats in her uphill race for senator against Rep. Richard Nixon. In Illinois, Sen. Scott Lucas is spending most of his time wooing conservative downtown voters in his contest with ex-Rep. Everett Dirksen.

• **GOP Springboard**—The Republicans are asking to be returned to control of Congress as a springboard for 1952. The speechmakers still attack the New Deal, extravagance, and inefficiency, but the candidates seem to be banking more on putting a best foot forward personally.

Taft in Ohio figures that Korea pretty well killed his carefully designed platform against the welfare state. Instead, the GOP's outstanding spokesman finds himself engaged in a popularity contest with State Auditor

Ferguson, whose nom de guerre is "Jumping Joe."

• **Red Issue**—Even communism may peter out as a campaign slogan. Only 58 congressmen supported Truman's veto of the new antisubversives law. An exception is in Maryland. There, Sen. Millard Tydings, who was too reactionary for Roosevelt in the purge of 1938, now has to answer for his conduct of the investigation of Reds in the State Dept. Sen. Joe McCarthy is stumping Tydings' state accusing him of "whitewash."

• **Played Down**—Korea, itself, is not taking on the importance that the politicians predicted. Republicans are playing down the "mismanagement" theme now that the fighting is going better. Secretary Johnson's dismissal also removed a target.

The Democrats say the GOP tried to use Korea as an issue in Maine and took a licking. In the September general election, the Republican majority shrank below 1948.

• **Modest Claims**—Neither party is predicting a decisive victory on Nov. 7. You'll hear a lot of claims from the speechmakers. But the working politicians—who parcel out the campaign

money—don't see a trend either way. In the House of Representatives: The Republicans have to make net gains of 46 seats to win control. They are confident they will make gains—some claims go as high as 35 seats. Their best bets are in a cluster of 55 seats, won by the Democrats in 1948, in nine states running eastward from Missouri to Connecticut.

Ten are in Pennsylvania, where Gov. Duff is almost certain to defeat Sen. Francis Myers in the senate race and carry a lot of Republican congressional candidates in with him.

• **Bigger Job**—The job this year is a lot bigger than in 1946, when the Republicans needed 27 seats to win the House and actually got 55. But that was a year of landslide, just as 1948 became.

In the Senate: Republicans need a net gain of seven to give them a majority. Only 16 of the 33 contests really count—the rest are in the Democratic South or Republican-held northern states. In the 16 contests, Republicans themselves risk losing six. They expect some gains, but no more than three or four.

So, the odds are for Truman's 82nd Congress to be less friendly than today, but not hostile.

The statehouses: 48 legislatures and 33 governors will be elected. The Democrats now hold 30 governorships, the Republicans 18.

These are the plums the political organizations go after; the party that controls a state capital and the county seats has the tools for electing a President, as well as a governor—or sheriff. The odds are they can't make very severe inroads in the Democratic majority.

Some of the campaigns that bear watching:

California—For Senator: Nixon vs. Douglas. For Governor: Gov. Earl Warren vs. James Roosevelt. Today the nod is to the Republicans.

Colorado—Sen. Eugene Millikin vs. Democratic Rep. John Carroll. An even bet.

Illinois—Sen. Lucas vs. Dirksen. A tossup.

Indiana—GOP Sen. Capehart vs. ex-Ass. Attorney Gen. Alec Campbell. Capehart has the edge.

Ohio—Sen. Taft vs. Ferguson. This has the Republicans worried.

Pennsylvania—Sen. Myers vs. Duff. Duff is away ahead.

New York—Democratic Sen. Herbert Lehman vs. Lt. Gov. Joe Hanley. Lehman leading. Dewey vs. Rep. Walter Lynch. Dewey out front.

Connecticut—For Senators: Democrats Brien McMahon and William Benton, incumbents, vs. Joseph Talbot and Prescott Bush. For Governor: Gov. Chester Bowles vs. Rep. John Lodge. All are tossups.



V-P Dykstra heads new Ford group.

Ford Splits Production: Six Divisions From One

Ford Motor Co. has outgrown its old organization setup. One cubbyhole labeled "Production" isn't enough. That's why the company this week broke up its single manufacturing division into six separate divisions. Each one will be responsible for its own profit-and-loss show.

Boss of all six is John Dykstra, who became vice-president in charge of the manufacturing group this week. Dykstra was formerly general manager of the manufacturing division. His new job puts him on a level with Benson Ford of Lincoln-Mercury, L. D. Crusoe of the Ford division, and others.

• **Lineup**—The new lineup more or less follows the physical setup of existing Ford plants. Here it is:

(1) Aircraft Engine Division, Chicago. This unit will occupy the one-time Dodge-Chicago plant, later the site of Tucker Corp. Its job: to manufacture Pratt & Whitney engines for the B-36.

(2) Automatic Transmission Division, Cincinnati. This plant is now starting operations on transmissions built on Borg-Warner designs. It will be running at full pace next year.

(3) Canton Forge Division, Canton, Ohio. This big forge shop is running at capacity. It supplies other company divisions.

(4) Highland Park Division, Detroit. This one mainly makes tractors and trucks.

(5) Mound Road Division, junior Ford member in the Detroit area. During the war, it was the Hudson naval gun plant. It has been producing service parts; the talk is that it may shift to axles.

(6) Tractor & Industrial Engine Division. Most of this is in the headquarters plant at Dearborn.

Velvet for Luxuries

Sales perk up from pre-Korea slump. People have money and now know excise taxes won't be lifted.

The highly volatile luxury trades are beginning to cash in on the new boom in business. For the first time in a couple of years, makers of such things as jewelry and furs have stopped feeling sorry for themselves.

Luxury goods are a feast or famine industry. When business is good, luxury sales can be very, very good, but when business slides off, they can be terrible.

Now the extra surge in business since midyear has pulled most of the luxury trades along with it.

Until Korea, 1950 sales of most luxury items had been lagging badly. For the first half of the year, they were well below the like period of 1949. Department store sales of fine jewelry, watches, and furs were off 14%.

• **Turnaround**—July was the good-news month, as it was for many other products. But in luxuries there was a difference. Other products were already doing so well that their jump started from a pretty high point on the sales curve. For the luxury trades, July was something much more than a good jumping-off place; it signaled a complete turnaround.

Instead of a minus, most luxury items are showing plus figures compared with a year ago. And the trade is counting on good business—though no boom—for the rest of the year.

The war is only indirectly responsible for the somewhat brighter picture. There's more money around; so people feel freer to splurge.

• **Question of Taxes**—But what gave luxury goods the push was final decision on excise taxes—even though the decision went against the industry. Congress was just on the verge of cutting the excises on luxuries when the Korean storm blew up. Then the rush for revenue washed out the excise tax revision entirely. The final bill leaves excise unchanged. And the question of cutting them won't come up again for a long time.

But even though the higher tax charges were kept on the books, sales were bound to benefit. Deferred demand had built up to a point where it had to move.

In fact, the excise tax was the key to both the slump and the revival. Ever since the end of 1949, repeal seemed imminent. A lot of people decided to wait and save the 20% extra charge. And as Congress dallied, sales plumb-

meted. When tax relief finally went out the window, those who were holding back had no reason to wait any longer. And sales promptly spurted. For instance:

Furs. Furs were one of the hardest hit of all luxury items. The price of a fur coat is high enough so that a 20% reduction amounts to something. Talk of impending tax cuts kept the customers away in droves. Almost every month in the first half of this year, sales trailed far behind the same month last year.

Now quite a few fur manufacturers think that they'll go well over last season's figures. The latest indicator of fur sales—collections of the U.S. Internal Revenue Bureau—shows August collections up about 20% from a year ago.

Jewelry. Jewelry is one of the most mercurial of all types of businesses. It follows closely the ups and downs of business generally—but in most cases, more so.

So, with the economy roaring along at full speed, the jewelry trade looks for a sharp reversal of the trend evident in the accounts for the first half of the year—and soon.

As measured by jeweler's sales, the sentimental and emotional pattern of World War II seems to be repeating itself. The biggest sales increases are occurring in the personal trinkets, such as lockets, religious items, and—with the increase in marriages—engagement rings.

One snappy seller is the identification bracelet. Publicity on the possibility of atomic explosion spurred quite a few people to tag themselves—just in case.

Luggage. Although luggage sales have bounced out of the depths along with other luxury goods, manufacturers are less than cheerful about the future. Luggage is only slightly ahead of its last year's showing, and manufacturers are afraid that when their increased costs are passed along sales are likely to fall off again.

Bigger Box Office—Owners of motion picture houses are beginning to smile again. TV and mediocre pictures had had them reeling. Now attendance at the motion picture houses has started up. Some owners are ready to write TV's effect off as inconsequential. Surveys they made themselves show that the longer a family has a TV set the less effect it has on theater attendance habits. And a greatly improved crop of films is once again helping to fill the empty seats.

Other lines that have benefited in the luxury pickup include: ocean cruises, night clubs, musical instruments, and playing cards (the pickup in cards has been attributed to over 10-million canasta players.)

Munitions Board on the Spot

Senate subcommittee accuses it of failure to do adequately any of its major jobs, including planning for defense production and for stockpiling. Heller report will ask complete reorganization.

The unceasest spot in Washington this week is Room 3E808 in the Pentagon. That's the office of the Munitions Board—and the Munitions Board is squarely on the spot, for three reasons.

First, it hasn't any head; its chairman, Hubert E. Howard, quit on Sept. 13 after Louis Johnson's ouster as Defense Secretary. Second, it's the target of a searching, hostile investigation by Sen. Lyndon Johnson's watchdog subcommittee on armed services preparedness. And finally, it expects a critical report from Robert Heller Associates, the management firm that helped prepare the Hoover Commission report, which has been studying MB exhaustively.

Planning Job—MB was set up by the Armed Forces Unification Act of 1947. Its principal job was to plan the military side of defense mobilization. That involves estimating mobilization needs of everything the armed forces use, from dental equipment to tanks, and of the raw materials needed to produce them. It involves setting up plans with producers of all this materiel so that production can get rolling at a moment's notice and getting out letters of intent to those producers when an emergency arises. MB is the agency that decided how big our stockpiles of critical materials should be and told the General Services Administration how much to buy, and when. And finally, it represents the armed forces in the divvying up of national resources during any general mobilization.

Indictment—The complaints against the board are that it didn't really do any of its jobs properly: It bogged down on the crucial assignment of determining military requirements. And when the Korean war broke, it was slow in getting out letters of intent to some 30,000 defense production plants. The Commerce Dept.'s National Production Authority is still waiting for MB to make known most of its needs. And on stockpiling, everyone agrees—through hindsight—that MB failed miserably.

Defense—The board feels, however, that there were extenuating circumstances. Although it did not get out letters of intent, Howard did get in touch with defense producers, shortly after the war broke, to let them know unofficially what was expected of them. At the time he felt he had good reason to move cautiously. For one thing, there was the question of cutting back, once North Korean resistance ceased;

for another, there was the unceasiness of economy-minded congressmen.

Or take the stockpiling fiasco. Economically, stockpile buying should go on in times of falling prices when it will help support the market and prevent a slump, should be halted in times of rising prices when it would contribute to inflation. But Congress doesn't cooperate. When prices fall, and a slump is feared, it cuts stockpile appropriations; when crisis looms and prices skyrocket, it authorizes huge expenditures.

• NSRB Moves In—Since Korea, W. Stuart Symington's National Security Resources Board has grabbed the ball from MB. In theory, NSRB is an advisory agency only. But the boundary between advice and action is often hard to define. So Symington extended it to areas where MB has failed to act.

A case in point is alcohol butadiene (BW—Sep. 23 '50, p36). It was NSRB that advised the President to order the reopening of standby plants in Louisville, Ky., and Kobuta, Pa., to make butadiene for synthetic rubber.

• Shakeup—The Heller report, due on Defense Secretary Marshall's desk within three weeks, is expected to call for a stem-to-stern shakeup of MB. It will recommend: an immediate crack-down on MB staffs responsible for estimating requirements; a strong, aggressive management with a topflight new chairman; and a far more closely knit organization eliminating much of the present deadwood.

• Exception—It's not likely that MB's forthcoming reorganization will affect Col. O. O. Niergarth's Office of Material Resources. Niergarth has instituted a price-incentive gimmick to step up domestic output of scarce metals. He is offering producers up to 25% above foreign prices for cobalt, manganese, tungsten, and copper dug out of new high-cost mines. And, at least with manganese and cobalt, he's sure this will result in sufficient stocks.

Two other MB divisions appear to have done a good job: Rear Admiral B. B. Biggs' petroleum unit and S. K. Wolf's electronics group. The oil industry was prompt in meeting defense demands for high-octane gas when shooting began in Korea. And in the electronics field, the Budget Bureau has advised congressional appropriations committees to anticipate a \$34-billion estimate for procurement in the fiscal 1952 military budget.



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by eliminating mess, expensive contamination—and cutting man hours 63% for every 100 pounds of lubricant transferred.



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by saving 3½ man hours for every 100 pounds of lubricant loaded into hand guns.

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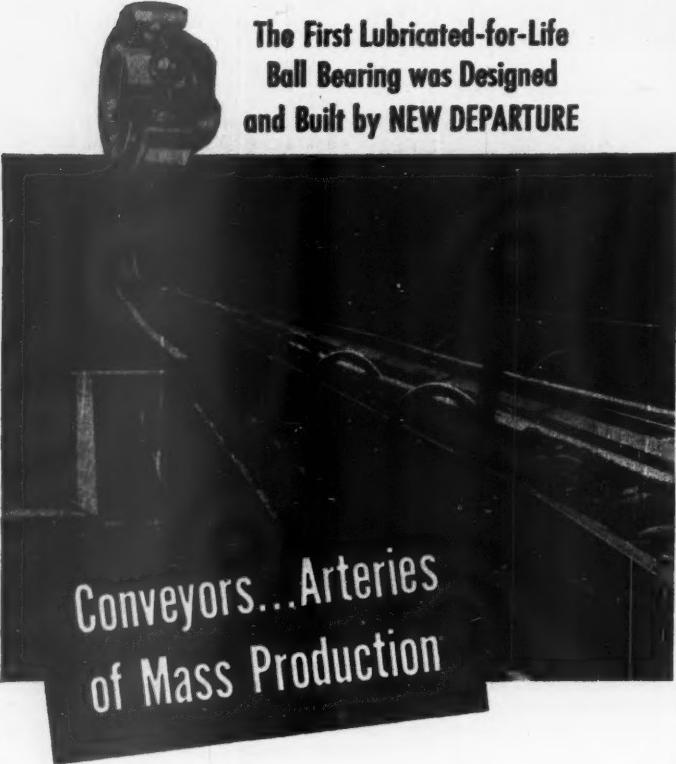
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BUSINESS BRIEFS

Curtiss-Wright's exit from airplane making (BW—Sep. 9 '50, p106) will be complete by Jan. 1. Under an agreement with the Navy, North American Aviation takes over the Columbus (Ohio) plant by that date. The plant, which is government-owned, will be used to handle overflow production from North American's West Coast factories.

General Foods dropped temporarily its "controversial persons" ban, which led to the firing of actress Jean Muir (BW—Sep. 16 '50, p26). The company said it shelved the policy in view of industry efforts to work out some permanent solution to the "blacklist" problem. All branches of broadcasting meet this weekend in New York to try to evolve "an intelligent" solution.

Kaiser jottings: The Henry J., Kaiser-Frazer's new small auto, will carry price tags of \$1299 for the four-cylinder model, \$1429 for the six cylinder. Figures include everything but local taxes and transportation. . . . K-F stockholders will be asked to authorize the company's entry into shipbuilding, if and when it gets orders. . . . Edgar Kaiser said K-F is now in the black with production of 1,200 cars a day.

Initial confusion: According to the Paris newspaper L'Aube, William Z. Foster, chairman of the American Communist party, rather than William C. Foster of ECA, succeeded Paul Hoffman as ECA administrator. Compounding its error, the paper referred to the new ECA chief as "an ex-militant Communist."

Allegheny-Ludlum, with an eye to continuous casting of steel, bought a 35% interest in Continuous Metalcast Corp. this week. Continuous Metalcast owns rights to the Rossi process for continuous casting of brass. Two others in the deal, American Metal Co., Ltd., and Scovill Mfg. Co., each own 10%.

Sunkist is now the exclusive trademark of California Fruit Growers Exchange, to be used on both fresh fruit and fruit products. The exchange bought rights to use the name on processed merchandise from California Packing Corp. for \$1,250,000. It has used the brand on its fresh fruits since 1908.

Steel makes history this week with a scheduled output of 1,942,200 tons—the biggest seven-day production ever. It's 5,800 tons more than last week's output and 1,600 tons higher than the previous record week of May 22. Mills are at 100.7% of capacity.

I know that group insurance has become a definite and smooth safety part of the employer-employee relation pattern. Once it was Workmen's Compensation, a big new step forward. Then unemployment insurance, the 8-hour day, paid



vacations; and many other forward steps in the improvement of working conditions in this country. And expand the pattern and fill an important part in giving employees the security that makes the job a good one in their eyes.

So I washed the soap off my face, dressed, had breakfast and drove off to meet this man. When I sat down



with him, I tried to make him see well that the American business tradition is to make a profit—that's what keeps our progress going—and that group insurance helps to make those profits. The statements about reduced labor turnover, more profitable manhours, and a better job where group insurance is available, are true. There is no question but that labor is looking for security and protection. The statements about goodwill and a plant being a good place to work are really true.

(Continued in our next ad)

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Another page from our new booklet, "Business and Industry's Best Solution to Employee Security." This is the third in a series of ads illustrating this booklet page by page. A request will bring you a copy promptly. We believe you will find it helpful in your thinking about complete group insurance programs for your organization.

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STEEL MILLS, like TCI's main plant (above), built Birmingham into a . . .



HEAVY-INDUSTRY CITY. Now at last they are helping in a drive to get out . . .

Birmingham Steel's Invitation

Ironmasters, long accused of keeping the city to themselves, now offer priorities on steel to bring in new industries. And the drive is bearing considerable fruit.

After years of sitting on the sidelines, Birmingham's ironmasters have finally jumped into a drive to lure new factories to the industrial South. What's more they are offering the best bait there is in a time of tight steel supply: a priority on steel run out in the city's busy mills. As a result, Birmingham at last is getting somewhere with a civic campaign for new plants.

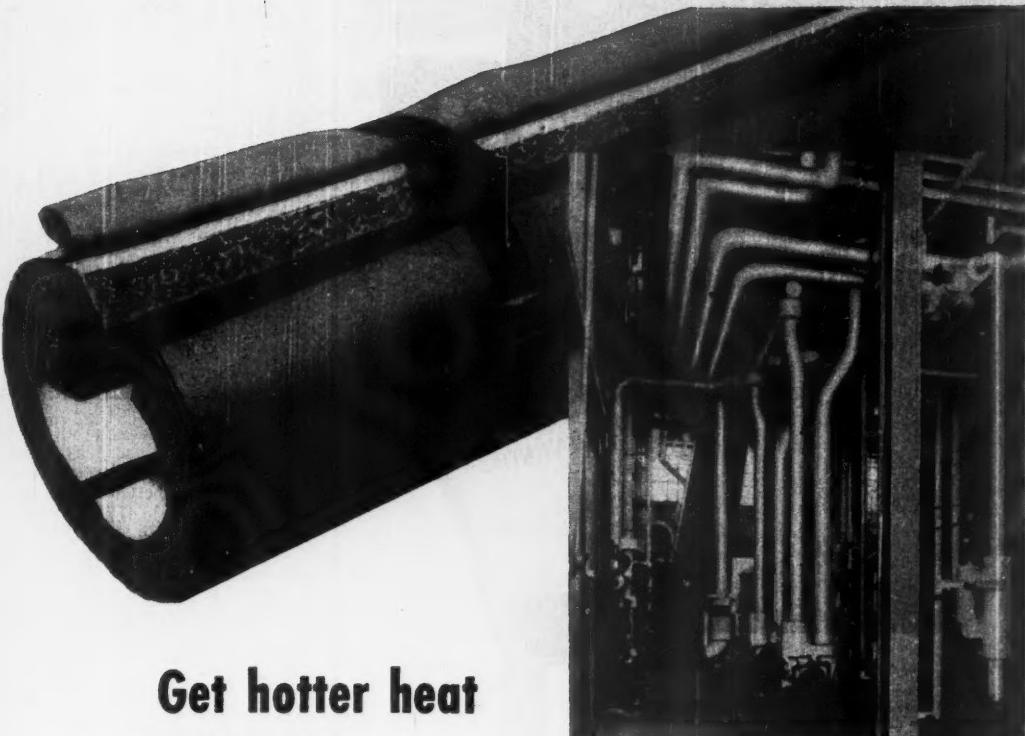
• **Quick Change**—This cooperation is an abrupt reversal of the steel industry's past policy. Eventually, it may lead to less reliance on heavy industry as the spine of Birmingham business—and a new spurt of growth for a city whose industrial promise has never been completely fulfilled. There are signs of this

already. A new-industry report released this week by the Birmingham Chamber of Commerce shows:

- Since the first of the year, 14 firms have decided to locate factories in Birmingham or its suburbs. They'll add about 3,000 workers and an estimated \$200,000, to the city's weekly payroll. And they'll turn out a variety of products, from bedding to heavy machinery.

- Several other companies are working on arrangements for new Birmingham factories. The biggest, an aircraft manufacturer, may employ 7,000 persons by the year's end.

- At least a half-dozen firms already located in Birmingham have been resold on its industrial advantages. They



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"Featherweight" 85% Magnesia insulation is easy—and economical—to apply. It can be stored and handled without any special precautions. No special tools are needed to apply it: "Featherweight" is easily sawed and cut; can be fitted snugly to contours without breaking apart.

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Evanston, Illinois

are expanding plants and production.

The civic drive for new industry isn't solely responsible for these 1950 gains. Individual boosters, such as Alabama Power Co.'s new-business department, helped. Some companies would have moved in anyway. But the Chamber's campaign did influence many decisions; and the offer of a priority on steel was often the clincher.

I. Coal, Iron, and Steel

The success of the new drive has helped soft-pedal the oft-told stories of the steel industry's dog-in-the-manger attitude toward the city it created.

For years, people in Birmingham have complained: "The steel industry built Birmingham, and it's kept a first mortgage on the city ever since."

• **Slowed Down**—It's their way of explaining why the early, magic growth of the city slowed to a crawl about 1930. Born after the Civil War, Birmingham counted 38,415 residents in 1900. The population was 132,685 just 10 years later—after the iron and steel mills began to move in. It had climbed to 178,806 by 1920, 259,678 by 1930. Then the population gains leveled off. Now, at age of 79, the city has 298,474.

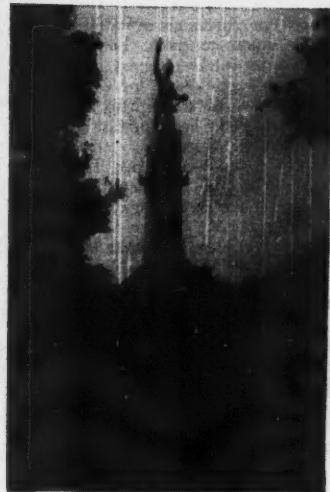
Industrial growth has had a slightly different pattern, because of World War II. A steady increase in manufacturing-industry units (factories and mines) had brought the total to 485 by 1930. It edged up slightly to 541 in 1940, then war demands sent the unit total rocketing to 850 by 1948. Most of the increase came in already established lines—through additions to furnaces, foundries, and mills. The number of products turned out rose only slightly—from 2,256 in 1930 to 3,120 last year. Most are iron and steel products.

• **The Theory**—According to the theory common in Birmingham, the steel industry is to blame for keeping its economy linked so tightly to its products. Steel always opposed rival industries, the man-on-the-street complains. Why? To keep a tight rein on the city's natural resources and on what used to be an abundant supply of low-wage labor.

• **Steel Denial**—Steel men say this just isn't so. They deny that they have ever kept anybody, or any industry, out of the Birmingham district. But they admit frankly that they have always looked on Birmingham as a coal, iron, and steel center—and have never tried to get other industries to move in.

As a steel man once put it: "That's not our job. If Birmingham wants new industry, it ought to go out and get it."

• **Many Drives**—And the Birmingham Chamber of Commerce tried to, almost annually, for nearly two decades. The steel mills gave token financial aid to new-industry drives, but that was all. Campaign after campaign opened en-



STATUE OF VULCAN, armorer of the gods, is Birmingham's trademark. Man standing on Vulcan's head shows scale of the monument.

thusiastically and got almost nowhere.

The latest drive was launched last year, in the midst of some serious soul-searching on why "The Magic City" was no longer having magic growth. A live-wire Birmingham Committee of 100 was created to go after new factories. A young and energetic newspaper publisher, Clarence B. Hanson, Jr., took the job of chairman.

• **Routine Plea**—Right at the start, the committee made routine bids for moral and financial backing from industry. Mostly from force of habit, it tried the ironmasters. Then came the shocker: The steel industry kicked in a whopping chunk of cash. More important, it offered a priority on steel to any plant locating in Birmingham.

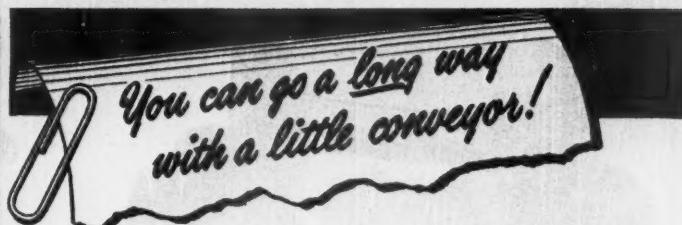
II. New Men, New Markets

Why the abrupt change? You hear four main theories in Birmingham business offices. For instance:

• **Younger Men**—Changes in top mill managements during the last few years have moved younger men into policy-making spots. They are less Pittsburgh-minded than many of their predecessors; they have a civic interest in Birmingham.

There is considerable substance to this theory. You hear fewer complaints in Birmingham now about the "absentee ownership" of the Tennessee Coal, Iron & Railroad Co. (U. S. Steel subsidiary) and other outside-owned mills. But most steel policies involving Birmingham are made elsewhere.

• **Unions**—Back when the steel industry was supposed to have opposed new in-



Yes, you can go a long way towards cutting the time and man power required to handle bulk materials and packaged goods with a Barber-Greene Portable Conveyor.

Consider what one man and one of these familiar green machines can do: He can unload a hopper car of coal, sand, stone, etc. in 45 minutes — directly into trucks, like this



or into stockpiles like this

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, tow the conveyor to the delivery site and unload his truck to car, storage room or stockpile. He can load materials into truck mixers



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Worthington Pump and Machinery Corporation, Harrison, N. J.

WORTHINGTON



THE SIGN OF VALUE AROUND THE WORLD

dustry for Birmingham, mills weren't under union contracts. Lack of competition for workers helped keep unions out and wages down for many years. Now the mills are tightly unionized; wages are set by hard-and-fast contracts.

- **Manpower**—Currently, steel men have no manpower worries. They think they can get all the men they need—even with the stepped-up requirements of the armament program. A lot of new workers were lured into the labor force from outside the city during World War II—when defense plants sprang up.

- **Basing Points**—Probably the biggest reason of all is the present government policy, stemming from recent court decisions, which virtually bans basing-point pricing. Formerly, steel mills absorbed a large part of freight costs to distant markets in order to meet competitive prices. Now steel prices are set f.o.b. the mill. The buyer pays the freight costs.

This makes it harder for Birmingham mills to sell steel to distant customers. Right now, when a mill can sell every ton of steel it produces, this isn't too important. But it will be when sales competition in steel returns. So Birmingham mills are now going out to build up close-to-mill markets.

While the Birmingham steel men don't like the basing-point rules any more than any others, their mills have picked up some advantages under them. For instance, the Southeast has grown to be a big industrial steel customer—often in the past buying from Pittsburgh or Youngstown. Last year, Birmingham mills took over a lot of the southeastern business—and kept running year-round at about 100% while Pittsburgh mills fluctuated between 75% and 100%.

III. Selling Points

Whatever the reasons for it, the steel-priority offer quickly assured the new Birmingham committee of more success than the dozen or so earlier groups. It became the No. 1 selling point in a well-worked-out campaign.

Each member of the committee sent personal letters to top men in companies that might be interested in new plant sites. They plugged individually and personally for consideration of Birmingham. Here were some of the selling points:

- Adequate labor supply—"90% native born" and easily trained; with a large reserve of women workers available for light industry.

- Industrial water supply available in unlimited quantity for plants.

- Natural and byproduct gas, both right at hand and at low cost.

- Hydroelectric power, also plentiful and inexpensive.

- Shipping facilities, including nine major railroads and 20 small freight



How long should a man's legs be?

ABRAHAM LINCOLN was quoted as saying: "Long enough to reach from his body to the ground."

This question comes to mind whenever somebody asks, "How much Life insurance should I own?" There's an equally sensible and obvious answer to this question, too!

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The job of determining the exact types and precise amounts of insurance which an individual should own is often a complex one. It is a task calling for the services of Life Insurance Agents, people who make their life's work the tailoring of insurance programs to fit each individual's need.

The selection of Agents is in itself a painstaking process. At Metropolitan, for example, applicants for agency work are carefully screened, tested and re-tested to determine their suitability for effectively serving policyholders. Only the most ambitious, intelligent persons can qualify, because the job of prescribing for individual Life insurance needs calls for foresight, tact, patience, and above all, understanding. It is confidential work which requires a studied professional approach.

How well Life Insurance Agents have measured up to these requirements is being demonstrated in countless communities throughout the country every minute of the day. In fact, the 213 billion dollars of Life insurance in force in all companies in the United States is a testimonial to the confidence which the public has in the Life Insurance Agent as well as in the institution of Life Insurance. Helping other people to achieve greater security against the uncertainties of life has gained great recognition for the profession of Life Insurance.

Your own Life Insurance Agent is always ready and anxious to help you continuously to improve your Life insurance program. Through close cooperation with your Agent, you may be sure your Life insurance will be of maximum benefit to the future of your family and yourself.

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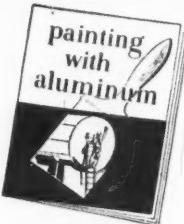

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feeder lines, plus a river port offering water access to Mobile and the Gulf of Mexico.

• Good industrial sites within easy reach of city transit lines. Telephone calls, and personal contacts of the committee have hammered these points home to businessmen all over the country. For example, Hugh Bigler, president of Connors Steel Co., wrote, telephoned, and went to Chicago to sew up a deal for a new Birmingham plant.

• Raised Ante—The company involved hadn't really considered locating in Birmingham until then. It decided to put up a plant costing \$350,000 and employing 200 persons; after a closer study of the city's possibilities, it expanded its plans. Now the plant will cost \$500,000 and employ more than 300 in turning out additional products.

There are two factors in this company's decision. The first is a promise of an assured steel supply; the second, the prospect of being able to pick up steel as needed in company trucks for a short haul to the new plant.

• Newcomers—Others with announced plans for Birmingham plants:

The Bordent Metal Products Co., of Elizabeth, N. J., agreed to put up a \$250,000 plant in the Birmingham area when TCI promised to furnish all the steel it will need. It will manufacture steel floor gratings and safety steps.

The Southeastern Metals Co. re-modeled an idle foundry to produce welded tubing for steel furniture. The Southern Chain & Mfg. Co. is completing a new plant to turn out commercial chains. The Signode Steel Strapping Co. has completed one unit of a new plant.

The Butler Mfg. Co., of Kansas City, Mo., purchased a \$1-million steel fabricating plant. It will double its size to cover 40 acres. Products include steel plates, tanks, and other products.

Westinghouse Electric Co. recently broke ground for a new manufacturing and heavy-machinery repair plant. The Englander Co. has started construction work on a plant to turn out mattresses and bedroom furniture. Barrett Division of Allied Chemical & Dye Co. is putting up a \$2-million plant which will begin producing roofing in mid-1951.

• Diversification—Proud as it is over the success of its new-industry drive, the committee of 100 isn't completely happy. So far, most new plants are linked closely with iron and steel. The committee would like more diversification.

For instance, it thinks Birmingham needs more light industry with jobs suitable for women. And it also wants more distribution and service businesses to locate in the city. Now that the coal-and-steel tradition is broken, it hopes to build up a well-rounded industry that isn't subject to the wide fluctuation of the business cycle.



Diesels help boost Seaboard earnings

THE Seaboard Air Line Railroad credits a growing fleet of Diesel locomotives with being an important factor in improving earnings this year. For the first six months, earnings before fixed charges were \$8,251,944, an increase of \$2,134,237 over last year.

First railroad in the South to adopt Diesel power for mainline service, the Seaboard installed its first General Motors Diesel locomotive in 1938. Today's Diesel fleet includes 147 GM units which have accumulated well over one hundred million miles in all classes of service. Additional units have been ordered for delivery in 1950, as the Seaboard moves toward complete dieselization. This year the road will

handle more than 81% of its freight service, 87% of passenger service and 59% of yard switching with Diesel power.

General Motors Diesel locomotives—with an unmatched record for operating and maintenance economies—have proved themselves the most effective tool available to railroads in their continuing struggle to provide higher standards of service in the face of constantly increasing costs on other items.

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Container Cutbacks Threaten

There's no real shortage of packaging materials now, but users are rapidly creating one by overbuying for inventory against an uncertain future. They remember the last time.

Package users have their wind up. With an all-too-fresh memory of what happened to packaging during the last war, they are talking excitedly about shortages once more. There are purchasing agents who will swear that the supply situation is worse than it has been in more than 20 years.

• **Troubles to Come**—Actually, things aren't quite that bad. They're getting tight all right, but a more reasoned statement goes like this: "Except for bottles, there are actually no shortages—but we anticipate them." That's the Toilet Goods Assn.'s appraisal of the situation as of last week. Users agree generally that packaging materials are tight, that deliveries are slow. But they also agree that they are getting all the packaging materials they need—so far.

It's the future that bothers the packaging users. And it is this very fear that has caused much of the trouble in packaging today. The Dept. of Commerce, in its quarterly survey of containers and packaging, says flatly this week that "scare buying and abnormal inventory building" have caused "artificial shortages in some types of containers." It adds, "In view of the high level of production at which the container industry is operating, this rush to buy appears unwarranted."

• **In Figures**—What the department means is pointed up by a few figures. During the first six months of 1950, metal-can output was running 13.9% ahead of the 1949 rate, which itself was phenomenal. (Metal cans consumed a record 3.2-million tons of steel last year.) Fiber box shipments hit a new peak of 17.8-billion sq. ft.—50% better than the 1944 rate. Glass-container capacity today is 140-million gross; a decade ago the production rate was only 52-million gross annually.

• **Expedites**—But packaging users are more impressed by the possibility of coming cutbacks—particularly in metals and plastics. So they are:

• Stockpiling what they can for a rainy day, particularly if they use paper bags or other packaging easy to store.

• Jockeying for position in types of packaging that are competitive with the packages they are now using. The idea is to get new sources of supplies. For the present, big users such as Lever

Bros. and General Foods report that they are getting all the materials they need—with some delays, of course.

Here's a rundown of the present situation in some of the major packaging materials:

Glass. The shortage of glass, due almost solely to the strike in the soda-ash industry, is a temporary affair. If it weren't for that, supplies would be quite adequate. Of course, it will take some time after the end of the strike to get back to a normal supply condition (BW-Sep. 23'50,p20). Glass will naturally be the winner if and when tin cans are short.

Metal cans. Can users say they are having no trouble. And American Can reports it has not yet put its output on allocation. Deliveries are slow, but the company is meeting all orders.

But, of course, everyone is waiting for the boom to be lowered. Consumption of steel by the can industry is likely to run a record 3.5-million tons this year. Cans seem unlikely to escape being sliced by government order.

Some users are trying to beat any government ceiling on inventories by stocking up now with cans that have their brand name lithographed on them. Seemingly, this would make it difficult for the government to requisition them.

Steel drums and pails. Commerce Dept. is getting more complaints on shortages in these items than any others. Again, it's the shortage of steel. Backlogs of unfilled orders are rising.

Collapsible tubes. Big users report that they are beginning to get into trouble on tubes. One soap company says it always orders three months ahead, but that it is "working awfully close to the edge" now. It has switched almost entirely to aluminum tubes and it worries lest they go out of the window because of the aluminum shortage.

Plastics. Cellophane was on allocation long before Korea. Vinyl is short partly because of a shortage of chlorine, which in turn is due to the soda-ash strike. Most vinyl producers are allocating production. One big user says he's taking all the plastic he can get.

Paper and paperboard containers. Even paper products are hard to get. One large maker of boxes reports that he cannot fill orders for corrugated con-

ainers in less than eight weeks; normally it takes only four weeks. Folding-box orders now take 16 weeks to fill, as against eight weeks normally. Hoarding is partly responsible for the tight supply.

The shortage in paper products offers one neat illustration of how much the current situation differs from that of World War II. It's interesting that paper—a last resort last time—should go short so early this time.

But it's typical of the confusion that exists today. There is considerably greater production of packaging materials—but there are infinitely more uses, too. There has been a sharp trend, for example, to packaging products in smaller packages. This is true particularly in food.

• **New Materials, New Uses**—There are new materials for use in packaging. But they themselves have created new uses, and now many of them are getting short. Take aluminum tubes: Since the end of the war, aluminum for collapsible tubes has made terrific inroads into scarce lead. But now aluminum threatens to go really short.

The same holds true for plastics. It's a vast new source for packaging, but it's no use shifting to it now. There are too many other claims—particularly military—on plastic production. In fact, some close observers look for plastics to dry up more quickly and suddenly than metals.

• **Substitutes**—If you're thinking about substitutes, where do you turn then? That's the problem. If you switch into glass, paper, or any other material that you figure won't be too tight, you're apt to find everyone else there with the same idea.

Besides, it's not always easy for a manufacturer to switch from one material to another. It may take different printing processes; it may destroy the uniformity of his packaging design.

For these reasons, many firms are already laying careful plans for the future. In doing so, they are taking into account that even such things as metallic inks are going to be short, possibly even unavailable. Their object is to create over-all packaging designs that will preserve brand individuality, even though they must use standardized and relatively unadorned packages.

• **Anchors to Windward**—There are ways and ways, of course, of planning ahead. Here are two examples to show the kind of thing that can happen in today's distorted world:

• A manufacturer of pharmaceutical goods recently was forced to put one of his products into transparent packaging in order to keep his hold on a highly competitive market. His first choice for the new package, from a design standpoint, was glass. But he decided against that, took his second

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choice, polystyrene—despite the fact that this plastic is getting scarcer all the time.

He reasoned this way: In the last war, glass manufacturers quit making special molds—which this manufacturer required for his product—and concentrated on standardized shapes. But even though polystyrene is rationed by the government, he, as a maker of medical equipment, could count on a priority well above long-time nonessential users of polystyrene packaging.

• A second recent case is similar. A manufacturer has just switched from relatively plentiful paper into polystyrene. Again it's a matter of high priority. In the last war, 90% of his production went to the military.

Tallest TV Tower Is Silent—So Far

Television fans just out of range of present Atlanta television stations had cause to feel a little bitter this weekend. Bell System's new Richmond-Jacksonville-Birmingham coaxial cable was opening up, plugging Atlanta in on network TV. In a few weeks, the lucky ones near Atlanta will be seeing the World Series on their sets.

Meanwhile, the nation's tallest TV tower—which could extend reception for miles around—looms in claimlike silence above Atlanta. And there's a good deal of question as to how and when the 1,060-ft. WCON-TV tower will break its silence.

WCON-TV was built by the former owners of the Atlanta Constitution. Then, partly because the tower's cost had weakened them financially, the owners sold newspaper and tower to James M. Cox, former Governor of Ohio and once Democratic candidate for president. But Cox already owned the Atlanta Journal and its TV station, WSB.

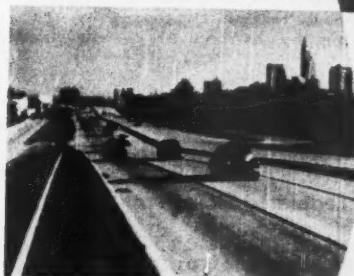
• Wants to Move—WSB is currently trying to build itself into the South's leading TV station. It hopes to move, bag, baggage, and equipment, from its much lower tower to WCON. It has applied for permission to operate a 50,000-watt transmitter.

FCC policy takes a dim view of newspaper ownership of radio and TV stations (BW-Jun. 24'50, p21). Now it's faced with a case where a newspaper owns two TV stations in one city, besides blanketing the city's daily paper field. Moreover, Atlanta's other station, WAGA, as well as stations in other cities are not happy about the increased power which WCON would have. They are considering protests that the new station would interfere with their programs.

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TOUCHABLE Abraham & Straus has taken silverware from under glass, put it out where people can handle it. Federated Department Stores figures that the risk of shoplifting is greatly outweighed by the sales appeal that comes from handling.



GROUPING A&S tries to group items that go together. In this case, it's glassware and modern furniture.

Helping Customers to Find, See, Touch

Make it easy for a customer to find and handle something, and he'll get possessive. That's Federated Stores approach.

To sell a chair, you must (a) make it easy for the customer to find, and (b) let him sit in it. These are two of the main ideas behind the postwar face-lifting of Federated Department Stores, Inc. Federated's big stores—among

them New York's Bloomingdale's and Abraham & Straus—have all gone through changes in this direction. These changes typify what's gone on in many department stores for several years.

To make things easier to find, Fed-

erated stores have been experimenting with various kinds of grouping. They display women's hats, bags, gloves, shoes, and scarves together, for instance, because they know that women often buy them all at the same time. Instead of grouping shirts and dresses by color or style, they group them by size. Manufacturers howled at this innovation because they thought it would



PICTURE WINDOWS Bloomingdale's has opened up back of show window to dramatize its women's "hat bar." Federated calls this "tossing flapjacks in the window"—an idea started by Childs (note store across the street).

FLEXIBILITY Movable fixtures help Federated shift departments where traffic is heaviest.

SIZE SELLING



SIZE-SELLING Federated puts the accent on size rather than design or price—in shirts as well as dresses.

destroy their brand names, but the customers loved it. And so did the stores—sales went up like magic.

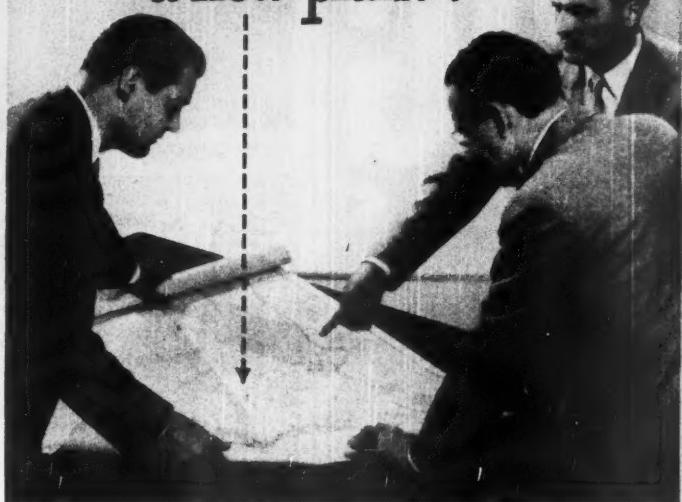
The idea of letting the customer sit in the chair he's going to buy is an old one, but it's only recently that much has been done about it. The feel of a chair will sell it much more effectively than a salesman's harangue. The same goes for silverware or anything else. "Sure, things can be stolen," says Fred Lazarus, Jr., Federated's president, "but most customers are honest." He thinks the risk is worth taking.



INFORMALITY Federated believes in getting the "don't sit" signs off furniture. Tired shopper welcomes idea.

BUSINESS WEEK • Sept. 30, 1950

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You're familiar, of course, with Cincinnati's central location. With the fact that 40% of the nation's population is within quick, low-cost reach in a 400-mile circle. You know how close this area is to raw materials . . . particularly the heavy basics like coal and steel. You're probably aware that Cincinnati has six major trunk rail lines, over a hundred interstate truck lines . . . and the Ohio River, which serves the entire Central United States as a main artery of minimum-

cost transportation for heavy weight cargoes. And undoubtedly you know something of the reputation people in this area have for being solid, dependable, with Made-In-America ideas. But every business is different. Yours is different. You have specific problems. You need specific information. And that's where we can and want to help. We'll gladly pitch in and make the most thorough and confidential study for you . . . to help you decide just how closely this area is tailored to your needs.

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SALES CHIEF James W. Austin wants everybody to ride in Capital planes, so . . .



CAPITAL'S ADS are aimed at sports teams, coach passengers, travel agencies to get . . .

Mass Market in the Air

Capital Airlines soars into the black by building up coach and charter services. With debt reduced and new planes in service, company sees bright prospects for 1950.

Out at New York City's La Guardia Field last week, Capital Airlines had itself a big time. Capital christened its latest new Lockheed Constellation, and it had Mrs. Franklin D. Roosevelt on hand to swing the champagne bottle. The name chosen for the new ship—Spirit of World Peace—was grandiose. But it suited perfectly Capital's newly found sense of cocky assurance.

• **Past Gloom**—Three years ago, Capital was in anything but a cocky mood. Worse off than others in those dark days for the airlines, it had a funded debt of \$10-million, owed \$4-million to the banks, was doing business in red ink. The Civil Aeronautics Board called Capital's position "apparently critical." Since then a lot of things have hap-

peneed. The company has a new name in place of its old one (Pennsylvania-Central Airlines), new planes (three Super DC-3's and five Connies), no bank debt. It's funded debt is down to \$6.5-million; its working capital is up to nearly \$2-million. It is buying the Connies out of income instead of borrowing the money.

Capital turned the profit corner in 1949, when it converted 1948's deficit of \$126,000 into a profit of \$1.6-million. Of course, the airlines generally have picked up since 1947. Still Capital claims that during 1950 it showed a 17% increase in nonmail revenue against 10% for the airlines as a whole.

• **New Pilot**—Much of the lift in Capital's wings these days comes from James

"The versatility of AUDOGRAPH Electronic Soundwriter keeps selling us every day!"

says Claude Putnam, Pres.,
Markem Machine Company
Keene, N. H.

In addition to heading the Markem Machine Company, Mr. Putnam is this year's president of the National Association of Manufacturers. He is alert to better ways of getting things done.



Dictation is EASIER



with AUDOGRAPH

• **Markem Machine Company** started with AUDOGRAPH for streamlining dictation and correspondence handling; discovered other AUDOGRAPH uses. Now AUDOPHGRS accompany officials on trips to the field. Recorded discs are mailed to the home office for instant action. Markem also uses AUDOGRAPH to record sales meetings, conferences, telephone conversations. "The versatility of the AUDOGRAPH Soundwriter keeps selling us every day!" says Mr. Putnam.

You too will welcome this small, compact electronic servant that permits you to work as fast as you can think. Your business—no matter how small or large can save effort, money and time, starting today! Use the convenient coupon now and step up the tempo, efficiency and output of your office or profession.

Made by The Gray Manufacturing Company—established 1891—originators of the Telephone Pay Station.

Gray
AUDOGRAPH® ELECTRONIC SOUNDWRITER

AUDOGRAPH sales and service in 180 principal cities of the U.S. See your Classified Telephone Directory under "Dictating Machines." Canada: Northern Electric Company, Ltd., sole authorized agents for the Dominion. Overseas: Westrex Corporation (export affiliate of Western Electric Company) in 35 foreign countries.

TRADE MARK "AUDOGRAPH" REG. U. S. PAT. OFF.

- THE GRAY MANUFACTURING COMPANY, HARTFORD 1, CONNECTICUT
 Send me Booklet Y-92—"Now We Really Get Things Done!"
 Name.....
 Title.....
 Street..... City.....
9.....



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1950 "SENSES"



Nebraska STANDS OUT

Good Senses, Common Senses, CONSENSUS... all point up the strategic advantage of NEBRASKA for your location. For example:

CENTRAL LOCATION

- equi-distant from both coasts
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- lowest state taxes in the U.S.
- no state income tax at all
- no "nuisance" taxes

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- a billion acre feet underground
- constant temperature year round
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HIGHER MAN-HOUR PRODUCTION

- a fine type of farm-bred, clear thinking, unworried worker, easily adaptable to any skill and cooperative with management
- men and women who know how to work, like to work, and WILL WORK!

Write for informative folder and give us an opportunity to show you how your plant will fit into one of our many thriving communities.

Dept. BW-18

**NEBRASKA RESOURCES DIVISION
STATE CAPITOL LINCOLN**

H. Carmichael, who took over as president in 1947 after his predecessor, C. Bedell Monroe, resigned because of differences with the financial interests behind the company (BW-Oct. 11 '47, p 41). Carmichael, a veteran pilot of the barnstorming 20's, worked his way up through the operating side of Capital. He brought new efficiency to the foundering airline. The measure of his success is seen in the line's high ratio of net income to operating revenue, which now figures out to 6.2%. Carmichael shares the credit for Capital's comeback with James W. Austin, vice-president in charge of traffic and sales, who came to Capital after four years with the Air Transport Command. Austin, hard-hitting and aggressive, sold Capital Airlines when there was almost nothing to sell.

• **Short Hauls**—Capital is faced basically with a tough competitive situation. It flies short low-revenue hauls. It has no resort business to speak of. It has heavy competition from other airlines on its main routes. And on top of this, until recently Capital had only old equipment with which to fight the competition's new planes. So Austin had to make up for it with salesmanship.

But first of all came an economy wave that verged on wholesale slaughter. Capital's total payroll ran more than 5,000 in 1946; today it is about 3,500. Austin also laid about him, cutting the national sales staff from 186 salesmen to 37. Today, for example, Capital has only four salesmen in New York City—including the district sales manager—as against the 35 salesmen employed by just one of the other major airlines.

• **Broader Base**—But this doesn't worry Austin. He isn't interested in selling his airline seat by seat on personal contacts. "You could lose 35 salesmen for a month in the Empire State Building alone," he says. What he and Capital are interested in is the philosophy of selling mass-transportation to the masses. Today, they argue, only 3-million to 5-million people use the airlines. Why try to sell the business executives who are already sold on air travel? Capital thinks the hope of the industry lies in broadening the base of air travel.

All this explains why Capital was the pioneer in domestic air coach service back in the fall of 1948 (BW-Jan. 15 '49, p 39). Other scheduled airlines—and CAB, too—were leery about air coach rates at 4¢ a mile. But Capital was ready to bet on it, and others followed. Today air coach is a roaring success. And Capital claims it carries some 50% of all air coach passengers.

• **Mass Methods**—Because it is shooting for a mass-market, Capital naturally tailors its promotional methods to that market. Its techniques may not be unique, but they add up to a unique way of doing business:

Direct mail. Capital is just now getting into national advertising. Until now it has relied heavily on frequent newspaper ads—and direct mail. It produces thousands of penny postcards annually on office duplicating machines, blankets the people who are attending conventions along Capital routes. It's a scatter-shot method that gets results.

Ticket offices. It has pulled its ticket offices out of exclusive hotels and high-class financial districts—which airlines used to favor—and put them on the main drags "where the people are." This has also allowed Capital to consolidate ticket operations and cut costs.

Travel agents. Not having any long hauls or much resort business, Capital had to sell itself to travel agents on another theme: Build business through mass-volume. Capital's heavy promotion to travel agents has paid off. Business originating through them has increased from \$262,000 in 1946 to an anticipated \$1.1-million this year—or 13% of Capital's total business.

Sightseeing flights. Capital runs weekend sightseeing flights over Washington and other cities. It is also the originator of the "mystery" vacation flight—you don't know where you're going when you start.

Charter business. Capital decided several years ago to cop some of the lucrative business that buses, trains, and nonscheduled airlines were doing with sport teams, business teams, and other "special events." Capital's high-pressure promotion in this field meant that by the end of 1948 it was doing more charter business than any other scheduled airline. Today it is transporting a flock of major sports teams; in the New York area alone, Capital says, it will haul nine out of the 10 pro and college football teams that will take to the air this fall.

Charter business has also had an important effect on Capital's revenues. In 1946 the line grossed \$25,000 on special events; this year it hopes to hit \$1.2-million. This increase has been the main thing that has offset the serious seasonal income dips that afflict most lines during the first and fourth quarters of the year.

• **New Planes**—Now that Capital has its new Connies, it is making all the promotional hay it can out of them. It is running a heavy campaign, backed by advertising from Lockheed, to herald the arrival of the planes. And this is also the signal for Capital's first national magazine ad campaign, which is meant to build up the line's prestige.

This year the line has big expectations. It hopes to achieve a total non-mail revenue of some \$26-million, as against last year's \$22-million. At mid-year, revenues were running well ahead of the 1949 mark.

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Built not once



but Twice



The better-built engine for more profitable power

Yes, they're actually built *twice*. That's what makes a lightweight, high-speed Cummins Diesel such an efficient, dependable, precision-made engine. After initial assembly, each engine is run-in on the test block. Then it is torn down and carefully re-inspected—after that it is re-assembled and tested again to assure peak performance.

The finest of engine craftsmanship... exclusive Cummins fuel system... engines that are "custom-built to fit the job"... make a Cummins Diesel a better buy for your power needs.

Contact your Cummins dealer. He has more facts to show you about making more profits with



Diesel power by **CUMMINS**

CUMMINS ENGINE COMPANY, INC. - COLUMBUS, IND.

EXPORT: CUMMINS DIESEL EXPORT CORPORATION
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Lightweight High-speed Diesel Engines (50-530 hp) for:
On-highway trucks • off-highway trucks • buses • tractors • earth-movers • shovels • cranes • industrial locomotives • air compressors
logging yarders and loaders • drilling rigs • centrifugal pumps
generator sets and power units • work boats and pleasure craft.

MARKETING BRIEFS

Can these properties
improve your product?

- Low cost
- Light weight—more pieces per pound
- Excellent dimensional stability
- Excellent electrical properties
- Heat-distortion temperature range: 165°-204°F.
- Good chemical and moisture resistance
- Tasteless and odorless
- Unlimited color range

Koppers Polystyrene combines all these valuable properties in a low-cost, moldable material. That's why so many manufacturers are changing to Koppers Polystyrene.

If you are interested in plastics for the products you make, investigate thoroughly the advantages of Koppers Polystyrene. Mail the coupon below for your copy of "Koppers 1950 Polystyrene."

The unique properties of Koppers Polystyrene have made many products better and many better products possible.

HERE'S AN EXAMPLE:



• C & D Batteries, Inc., Conshohocken, Pa., reduced the weight of this big, three-cell industrial storage battery case 20% by changing from molded glass to Koppers Polystyrene SX. And this weight reduction meant important savings in shipping costs.

But that's only the beginning of a story of lower costs resulting from the switch to Koppers Polystyrene. Koppers Polystyrene SX proved to be less expensive as a material, it made the unit easier to assemble and its increased resistance to impact minimized damage in handling.

In addition, the change to Koppers Polystyrene gave the case attractive appearance, transparency, acid resistance and excellent aging characteristics.

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Chemical Division Pittsburgh 19, Pa.
Regional offices: New York, Boston,
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Perfected
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Koppers Company, Inc.
Chemical Division, Dept. BW-2-28
Pittsburgh 19, Pa.
Please send me your booklet on Koppers 1950 Polystyrene.

Name _____

Company _____

Address _____

City _____ State _____

Scare buying in the month after Korea did not really blow the lid off. Census Bureau finds large independent retail stores did 21% more business than in July of last year. That looks big—until you realize that it was still 4% under the June, 1950, figure.

Abraham & Straus has changed its no-branch-store policy. It is taking over the Garden City (L. I.) branch of Frederick Loeser on a long lease. The Brooklyn store's switch came from a study of census figures, which show a trend to the suburbs (BW-Sep.16'50,p86).

A buying wave hit the country in the last few days before Regulation W went back into effect (BW-Sep.9'50,p24). Example: Dallas sales rose 31% over 1949 in the week ending Sept. 16, according to Federal Reserve figures.

Frozen foods will be tested for the first time this fall by Green Giant Co. Peas are the starter. For 50 years, Green Giant has been strictly a canner (BW-Jul.15'50,p31).

Tighter controls over consumer credit may come sooner than anyone thought. In a Boston speech, Chairman Thomas B. McCabe of the Federal Reserve spoke about "alarming symptoms" of inflation, thought the board might tighten present easy terms of Regulation W "almost any day."

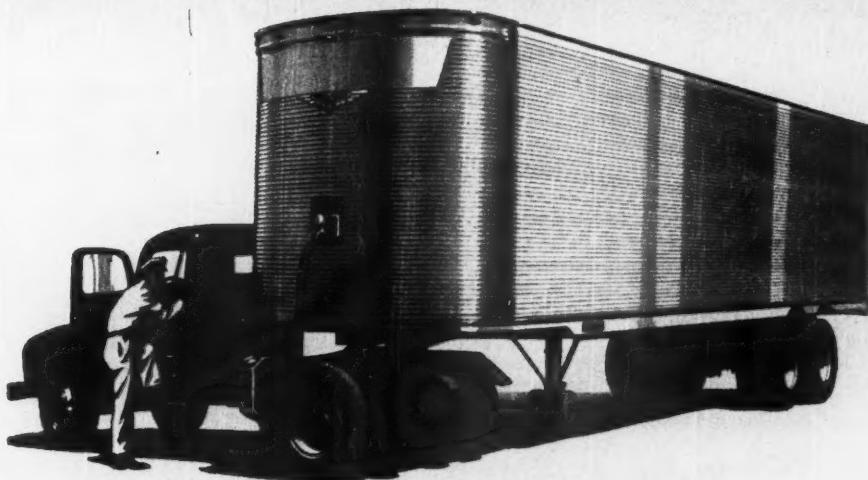
Consumer desires are being polled by John Wanamaker to prepare for the opening of its new Wilmington (Del.) store in October. Some 13,000 local people have received questionnaires on what kind of store hours they want, types of goods they will look for, etc.

Potato-chip makers are providing real help in cutting down the nation's huge potato surplus. The Dept. of Agriculture says they will break all records this year by using 8% of the food potatoes.

All-rayon summer suits took another big bite out of the men's summer suit market this year, according to Men's Wear Magazine. They evened up with tropical worsted; each got 29% of the total. Worsted gabardines got 16%, rayon mixtures 13%, Palm Beach 9%, nylon mixtures 2%, cottons 2%.

Waltham will unload its inventory of watches by fair-trading them at half price. Last year's half-price liquidation of inventory blew up a storm of protest from jewelers (BW-May7'49,p23).

Here's What You Get Besides a Trailer



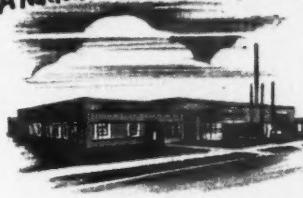
When You Buy a FRUEHAUF!

HERE are more factors to be surveyed when buying a Trailer than just the unit itself. What it offers you in the way of earning power is vitally important. Equally important, also, is the willingness of the manufacturer to stand behind his product:

1. With service.
2. With factory-trained men to render this service.
3. With a factory guarantee against defective workmanship.
4. With a forthright and sensible financing plan.

Fruehauf offers you all of these things, plus the best built Trailer in the world—one that's engineered to earn more, last longer and cost less to operate than any other Trailer on the road today!

A Nation-wide Service System!



Fruehauf's nation-wide network of 80 Branches is fully equipped for every type of Trailer repair and maintenance. Each Branch is stocked with genuine parts and accessories. Every Branch, a Factory in itself, has the facilities to provide faster services at lower cost.

Factory-Trained Trailemen!



All Fruehauf Servicemen are specially schooled in every aspect of Trailer service and repair. Each Serviceman, an experienced specialist, is equipped with the finest in modern tools to get your equipment back on the road in short order . . . to stay there, rolling and earning.

A Factory Written Guarantee!



Fruehauf guarantees free replacement of defective parts within 90 days after purchase of a new Fruehauf Trailer. We guarantee a free inspection every 30 days or 5000 miles for the complete life of your Fruehauf at any Branch or distributor. Maintenance Manual and Parts Catalog goes with all Fruehauf Trailers.

A Sensible Financing Plan!



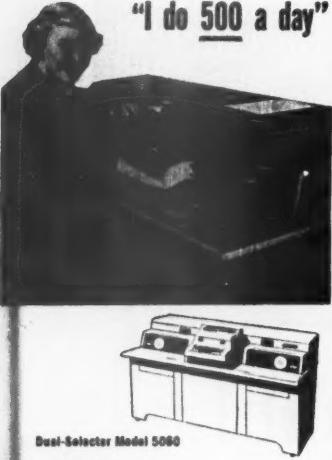
Fruehauf's Financing Plan allows you up to 3 years to help you pay while you earn with the world's best Trailer. Financing your Trailer, and paying for it out of profits, is only one of the big "pluses" offered you in buying from Fruehauf.

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Yet personal as
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For Orders
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Workers
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Please send me your booklet on
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TAXES

Excess-Profits Tax Draws Fire

Government critics charge that EPT would curb expansion, give Washington too much investment power, and wouldn't raise much revenue. They propose higher corporate income levies.

Government experts are beginning to think that an excess-profits tax is not the answer to the problem of financing rearmament. The tax has been criticized before, but always with the conclusion that it is a necessary evil. Now, however, there's a growing feeling that it's not so necessary.

• **Constructive Criticism**—Experts at the Treasury and other agencies are now preparing reports that will show how alternative levies can bring in more money, check inflation more effectively and still curb profiteering.

Right now, this looks like a thankless job. Congress is committed to an excess-profits tax next year—if not sooner. The AFL and the CIO—to name the most vocal of all the groups—insist on one. They want corporate incomes squeezed of war profits. And they think an excess-profits tax makes corporations less interested in fighting wage demands. To the ordinary congressman, the arguments in favor of the tax are moral and political—not economic. Congress wants it on the record that it will draft profits just as readily as it will draft manpower.

• **What's Wrong**—But the technicians are going ahead anyway, on the off-chance that the lawmakers and the unions may see the light some day after election. Here, in more detail, are the chief criticisms that they are leveling at the excess-profits tax:

• It isn't suited for the long run. The whole idea of the tax rests on the concept of "average" or "normal" income—the income earned during periods of normal business activity. But as time goes on, you get farther away from this base period. Changes wrought by defense spending become permanent parts of the economy, make for a new "normal." But the tax doesn't allow for this. Congress could keep abreast of change only by writing special provisions for special industries or firms—in effect, saying how much each can make.

• It tends to curb expansion and productivity. At a time when the nation's welfare calls for construction of new capacity and increases in efficiency, the excess-profits tax takes away the cash for one, the incentive for the other.

• It centers investment decisions

in government. The excess-profits tax pretty much requires some provision for accelerated amortization—that is, if you are going to confiscate the profits from defense work, you have to give the firm special treatment for writing off the plant it built to do that work. But this involves special permission from the government in the form of certificates of necessity. This control over expansion may be all right for a short-run emergency—but what if the emergency goes on indefinitely?

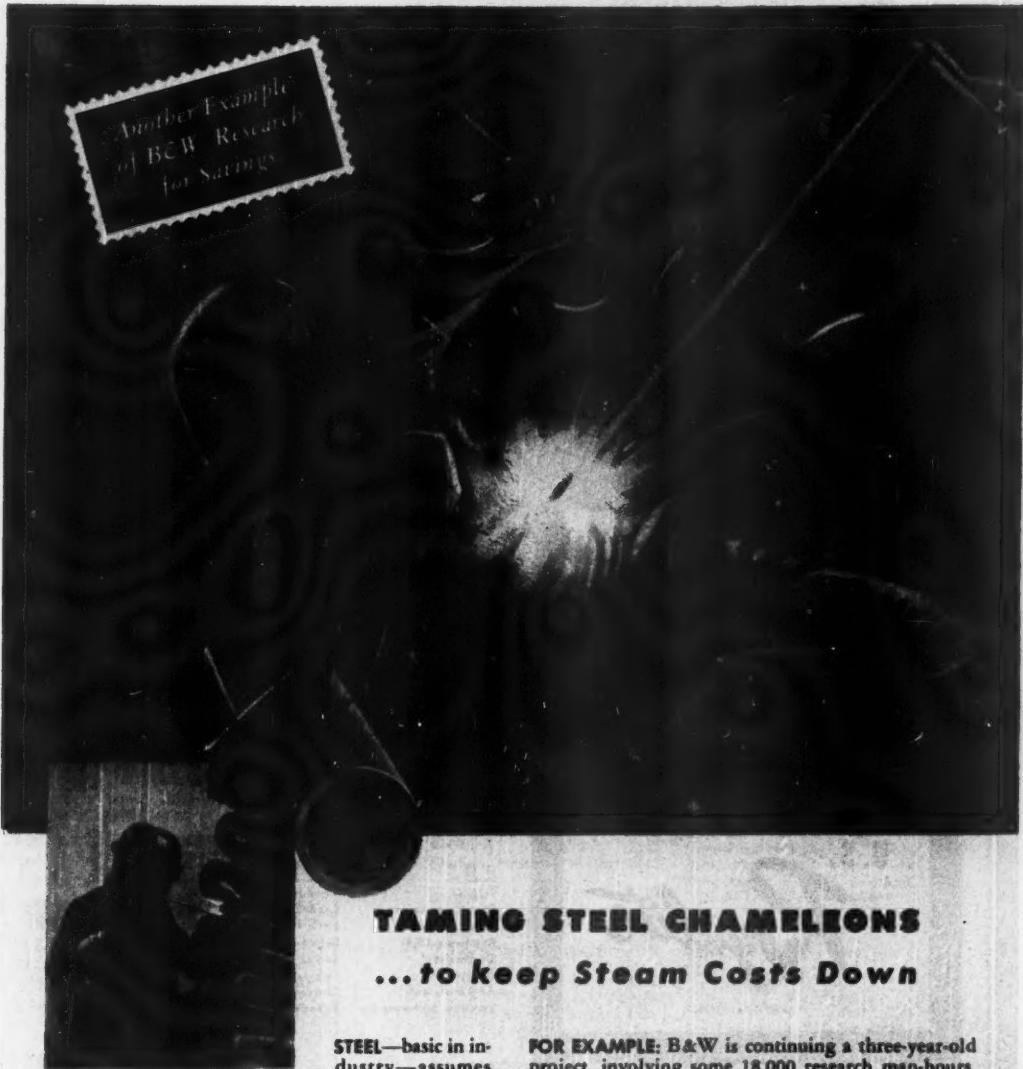
• It doesn't bring in much money. The 95% tax rate imposed on excess profits during the last war netted the Treasury a mere \$15-billion, all told, during the five years it was in force—

Preparing for EPT

There are a few things you may be able to do right now to cut the amount of excess-profits taxes you will have to pay under the bill that's almost certain to be passed next year:

(1) You can decide to throw year-end business expenses into 1951 costs—instead of 1950—on the chance that 1950 profits will be included in the base period Congress votes. Cutting 1950 costs raises profits—and taxes—for that year, but may produce many times as much in savings over the life of the excess-profits tax. It would also cut your taxable profits for 1951.

(2) You can yield meekly to some of the challenges which the local revenue agent now auditing your 1948 or 1949 return may make. It might be cheaper to let him disallow some of the business expenses you claimed. True, that would raise your income and your tax. But, again, it might establish a higher profit base and mean multiple savings in the long run.



TAMING STEEL CHAMELEONS ...to keep Steam Costs Down

STEEL—basic in industry—assumes many forms to meet

all the conditions of modern boiler operation. B&W uses eight or more different steel "recipes" to obtain optimum dependability, service-life, and economy for their high-pressure, high-temperature units.

THESE STEELS—under the conditions each must meet—are stable, tough, flexible, and strong. However, when welded together, they tend to become as temperamental as chameleons . . . creep, flow, stretch, warp, harden, rust, crack, and otherwise change at the welded joints to a dangerous and costly degree. B&W is constantly seeking improved methods of welding—to curb these capricious traits of modern alloys...and to help industry keep power costs down.

FOR EXAMPLE: B&W is continuing a three-year-old project, involving some 18,000 research man-hours, on joining dissimilar alloys in tubular form. Findings have already produced new methods of control and new welding techniques that are superior to any used before. They add much to the assurance of dependable B&W boiler service at steam temperatures to 1050 F and pressures as high as 2500 psi.

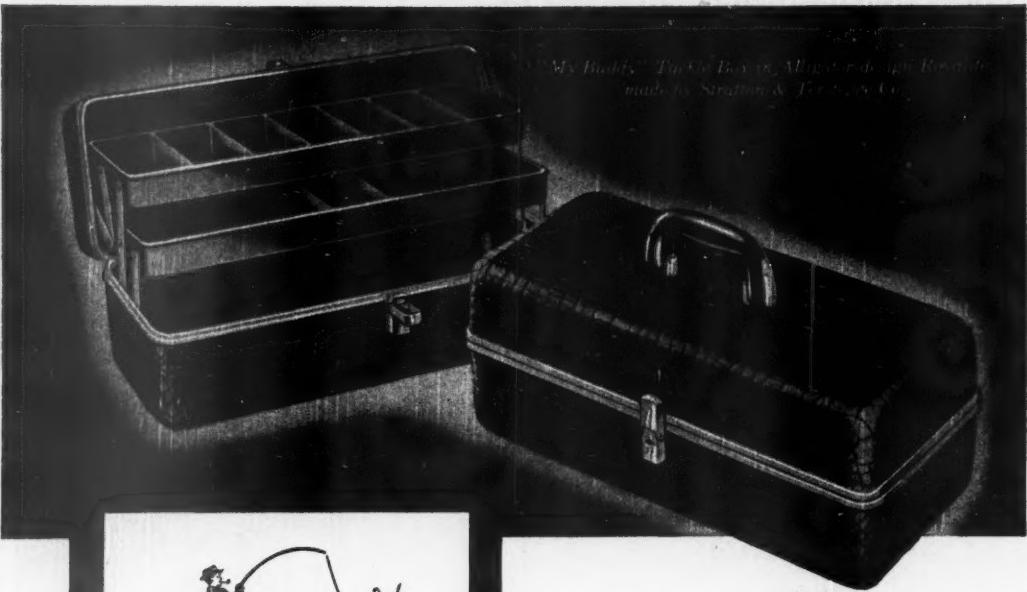
THIS SORT OF CREATIVE RESEARCH in boiler design and construction is an 80-year-old story at B&W. Perhaps it's just what is needed to bring your current steam-generating problem to a profitable solution.



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IT CAN BE

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 Bolted—Riveted
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IT IS AVAILABLE

Stiff or Flexible
 Hard or Soft
 Coarse or Fine-Grained
 Deep-Grained or Shallow
 Thick— $\frac{1}{8}$ " to Thin— $\frac{1}{32}$ "
 Glossy or Dull
 Decorated or Plain
 Bright or Somber Colors



• Tote Box



• Smith-Corona Typewriter Case



• Television Mask



• Name Freezer
Breaker Strip



• Bowling Post for Brunswick
Balk-Collender Co., Inc.

SEE NEXT PAGE FOR LIST OF
 U. S. ROYALITE FABRICATORS →

UNITED STATES RUBBER COMPANY

2638 NORTH PULASKI ROAD, CHICAGO 39, ILL.



something around \$3-billion a year. Special exemptions, refunds, and post-war adjustments cut the tax's potential.

• It actually tends to promote inflation. The experience of the last war proves unions are right in figuring that the tax makes corporations vulnerable to exorbitant wage demands. After all, the company has to pay off in dollars worth—after taxes—only a nickel or dime. So increasing wages doesn't cost much and avoids headaches. But the higher wages eventually lead to higher prices and so the spiral mounts.

• It makes for years of post-repeat litigation. The relief provisions that are necessary to make the tax fair to growing corporations are hard to interpret and apply. So practically every case is appealed, to BIR, the Tax Court, or higher—a costly process; it's still going on as a result of the last war's tax.

• **Proposed Substitutes**—To replace the excess-profits tax, the technicians propose the simplest of substitutes: a rise in regular corporation rates. Besides avoiding the undesirable byproducts noted above, higher rates would probably bring in more money. They will hit corporations hard—get those whose high '47-'49 profits might keep them out of reach of an excess-profits tax.

The top would have to exceed 50%—perhaps go as high as 55%. Small business and growing concerns could be given a break by making the schedule more steeply progressive. The normal rate of 25%, proposed in the pending stopgap bill, could remain; the surtax would go up from 20% to 30%.

You can add an incentive to invest by incorporating a gimmick that has worked well in Sweden: Provide for a differential rate on earnings earmarked for investment. This might involve raising the ceiling to 60%, but actually taxing at 55% if a certain proportion of profits is set aside for government-approved projects.

Top, Middle Incomes Carry Coming Tax Loads

The stopgap tax bill that Congress just passed will leave the top income brackets still carrying most of the tax load. Under the new law, those with incomes of \$25,000 or more will supply 23% of the revenue from income taxes. • **Hits Middle Incomes**—Next year's tax bill will raise its revenue from the middle-income man. Congressional tax writers know that they can't get much more money from the upper-bracket citizen; he's already pushed to the wall. So they will turn the heat on the man making \$25,000 or less. They see virtue in this for two reasons:

(1) It helps check inflation by tak-

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C. K. Castaing Studio, 17862 S.
Huntington Beach Blvd.,
Huntington Beach

National Hollywood, 1475 El
Mirador Dr., Pasadena 2

Schoen-Burn, 1646 Gough St.,
San Francisco 9

Swedlow Plastic Co.,
5527 District Blvd.,
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Pikes Peak Plastic,
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Plasticraft Co., 2806 N. Speer
Blvd., Denver

CONNECTICUT

Colt's Mfg., Hartford 15

GEORGIA

Gladwin Plastics, 542 Courtland
St. N.E., Atlanta

ILLINOIS

Arrem Plastic, 1539 N. Throop
St., Chicago 22

G. Felsenthal & Sons, 4100-4118
W. Grand Ave., Chicago 51

Lamcoind Fabricators Inc., 4545
W. Cortland St., Chicago 39

Precision Plastic Products Inc.,
628 W. Lake St., Chicago 6

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General Plastics Corp., 1400 N.
Washington, Marion

MARYLAND

Fawn Plastics Co., 2902 Hamilton
Av., Baltimore 14

MASSACHUSETTS

Kochler Mfg. Co., Marlboro

MICHIGAN

Cadillac Plastic Co., 651 W.
Baltimore, Detroit 2

Detroit Macoid Corp., 12340
Cloverdale Ave., Detroit 4

Imperial Industries,
4435 Walker Ave., Wayne

Kluse Mfg. Co., 50 Cottage
Grove S.W., Grand Rapids 2

Unique Creations, Inc.,

1349 East Milwaukee,
Detroit 11

Woodall Industries Inc., 7565 E.
McNichols Rd., Detroit 34

MINNESOTA

T. W. Ingersoll, 849 Osceola
Ave., St. Paul 5

Plastics, Inc., Chestnut & Ryan
Sts., St. Paul 2

MISSOURI

Regal Plastics Co., 710 Main St.,
Kansas City

NEBRASKA

Omaha Plastics Co., 1470 S.
16th St., Omaha 9

NEW JERSEY

Silcock-Miller Co., 10 W.
Parker Ave., Maplewood

Thermacote Co., 320 Jefferson
St., Newark 5

Van Beek Industries, 23 Park
St., Orange

NEW YORK

Bassons Molded Products, 1424
W. Farms Rd., New York 60

Blue River Plastics, 329 Canal
St., New York 13

Curbell Inc., 1700 Elmwood
Ave., Buffalo 7

Dual Fabricators Corp., 808

Driggs Ave., Brooklyn 11

Dura Plastics Inc., 1 W. 34th

St., New York 1

Mastercraft Plastics Co., Inc.,

95-32 150th St., Jamaica 4

Steiner Plastics Mfg. Co., 47-30

33rd St., Long Island City 1

OHIO

Fabri-Form Co., Box 36,

Cambridge

PENNSYLVANIA

Lee Plastics, A and Lippincott
St., Philadelphia 34

Hansen Mfg. Co., 5919 Webster
St., Philadelphia

TENNESSEE

Plasti-Line, Inc., Jackboro &
Broadway, Knoxville 18

TEXAS

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Plastic Products of Texas,

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WASHINGTON

American Plastics, Inc., 905

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The United States Rubber Company at 2638 North Pulaski Road, Chicago, Illinois, has complete Engineering, Designing, and Styling Departments to assist fabricators on the technique to employ, and in the art of fabricating most efficiently with ROYALITE.

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THE PROBLEM:

BINDING HEAVY ROLLS OF INSULATED WIRE—REQUIRES SPEED, GREAT STRENGTH, LOW COST.



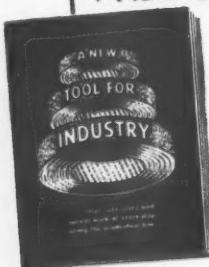
THE ANSWER:

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TOUGH, HOLDS TIGHT, YET DOES NOT HARM INSULATION!



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OF SMALL PARTS MADE SIMPLE AND EFFICIENT. PARTS ARE HELD IN PLACE BY STRIPS OF **PERMACEL** LAID ADHESIVE SIDE UP.

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Whatever your business, chances are you'll find the facts, figures, and pictures in this 12-page booklet will help you cut costs! Just drop a note—on your business letterhead, please—to Dept. 64, at the address below for your copy.

PERMACEL offers a complete line of tapes—each one laboratory-developed, carefully tested under toughest conditions for tensile strength, adhesion, stretch.

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ing cash out of the hands of those most likely to spend it.

(2) It dips into the biggest money reservoir—the 99.5% of taxpayers who earn all but \$11-billion of the \$200 billion in taxable income.

• **Relatively Little**—Under the tax bill just passed, the highest effective rate on this middle-income group will be 25%. Relative to the rate on top-bracket incomes, that's not very high: The \$1-million-a-year man will pay an effective rate of 86%. While those with incomes over \$25,000 will carry 22.93% of the tax load under the new bill, those making \$10,000 to \$25,000 will supply only 14.78% of the total revenue.

TAX BRIEFS

The freight-tax loophole has been plugged by the Bureau of Internal Revenue. BIR has ruled that the 3% levy is due on all shipments between any two U.S. points, even if payment is made in Canada (BW-Jun.24'50,p74).

A wave of penalties for improper accumulation of corporate surplus may be in prospect. BIR is dusting off Section 102 of the revenue code because dividend payments aren't keeping up with earnings.

Bigger dividends are being paid by some corporations to give their stockholders a chance to include the cash in 1950 income—which will be taxed at lower rates than next year's.

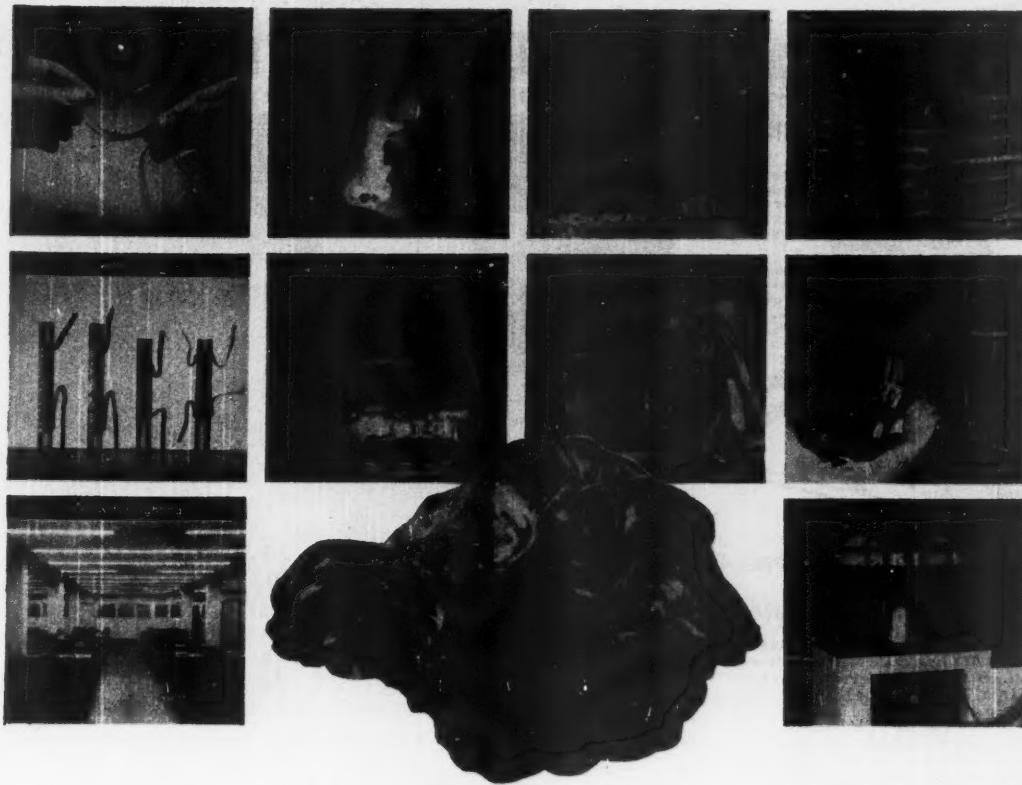
Crop loans become income to farmers when the deadline for redeeming the commodity has passed, under a new bureau ruling.

Rents and royalties, the U.S. Tax Court has decided, must hereafter be excluded from gross income in computing percentage depletion.

The stock stamp tax need no longer be paid on transfers between a corporation and its registered agent or nominee.

New rate tables for figuring the amount of income tax you withhold from your employees will be ready before Oct. 1. BIR put them on the presses before the bill was voted.

The "30% rule" has been suspended. This was the tax code provision that banned deduction for pension contributions where more than 30% of benefit went to stockholding employees (BW-May 20'50,p105).



MATERIAL PROBLEM?

...Glass by Corning may be your answer!

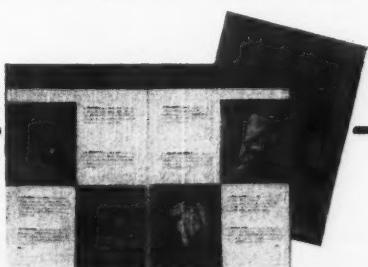
Glass by Corning can be fragile or tough, solid or porous, transparent or opaque. It is an insulator but can be made with an electrically conductive surface. It can be compounded to meet such specific problems as corrosion, heat or abrasion. It can be made into many shapes such as cylinders, vessels, flatware, pipelines, household ware, jewel bearings, parts for appliances and machines, etc. *What's more, glass by Corning is available now and at low cost.*

In the hands of Corning technicians glass has been made to do all sorts of jobs. Over 50,000 glass formulae are catalogued. More than 400 different

glasses are in current production. It has taken years of "research in glass" to produce these developments.

That is why Corning suggests that "you name it." Chances are that the characteristics you require will be within the vast framework described above. Corning engineers are well qualified to determine the feasibility of any design or to recommend changes that will permit a satisfactory solution to the problem. As a starter, why not send for the booklet "Glass and You," which illustrates countless ways glass is being used in industry and home today.

Corning means research in Glass



Corning Glass Works
20 Crystal St., Corning, N. Y.

Please send me a copy of "Glass and You."

Name _____

Company _____

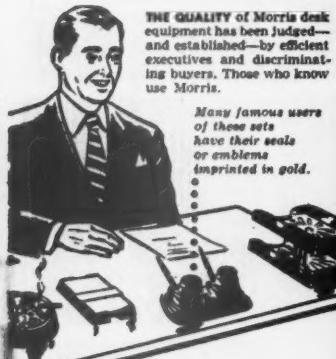
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have their seals
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QUALITY, EFFICIENCY, AND YEARS OF SERVICE have made Morris desk equipment the choice of exacting business men. The complete desk setting shown, pen set, memo pad and holder, file trays and ash tray, retail for little more than the cost of one higher priced, yet comparable fountain pen set. The equipment designed to meet every requirement of the executive or the routine worker.

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MORRIS LETTERTRAY... Two point suspension allows complete freedom of access from the entire front and sides. Strongly constructed tiers are quickly added, either letter or legal size.

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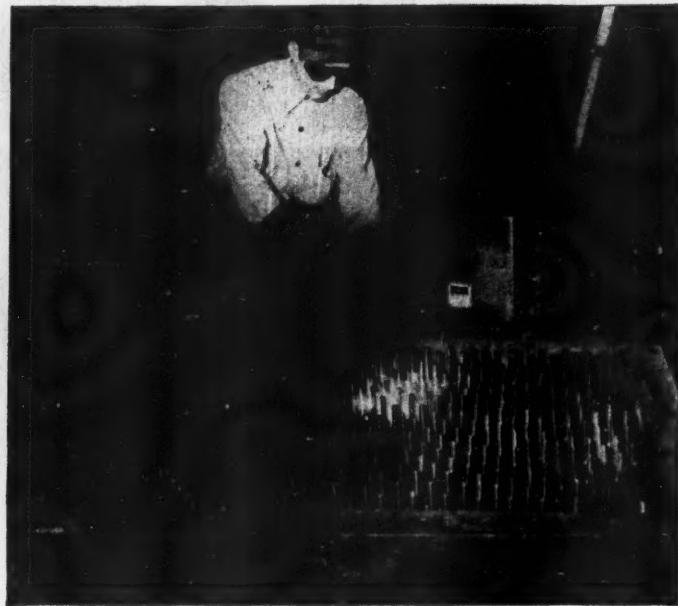
MORRIS PHONE REST... The easily adjusted phone rest that holds without crimping your shoulder or straining your neck. For the Executive, the Secretary or the home. Have both hands free, saves time, makes life easier. \$2.50

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PRODUCTION



STUDDED DOORS in open hearth mill increased output, saved \$35,000 a year.

Fasteners Find New Markets

Nelson Stud Welding cracks new fields for its stud-type welded fastening by selling its use in new products. Company also works out new tools that make studs easier to use.

A small company in Ohio has found that engineers are its best customers. Take an engineer, it says, sell him on your product, and it's 10 to one he will develop his own new products so he can use your device on them.

The thinking is nothing new, of course. Manufacturers of springsteel fasteners capitalized on it years ago. By encouraging engineers to redesign for the use of their fasteners, they set up new markets good for long-term volume.

• **Disciple**—The small Ohio company, now Nelson Stud Welding Division of Morton-Gregory Corp., is applying this theory to a device it brought out in 1942. The product—a welded-on stud fastening—was originally promoted as a way to speed assembly in wartime shipbuilding. After the war, though, little was done to sell engineers in other fields on the use of the stud. By relying on the often fallacious theory of the better mousetrap, Nelson kept his business uncomfortably static.

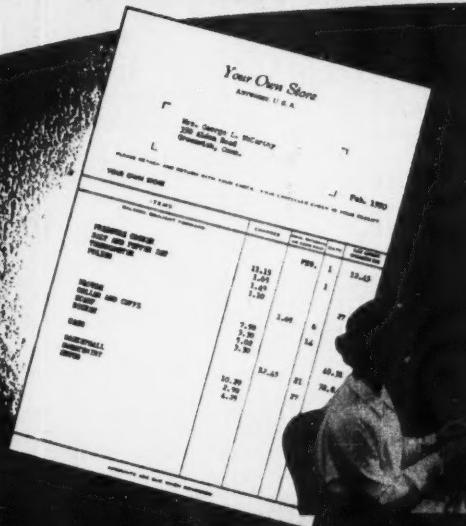
Now all that is changed. New owners (Morton-Gregory) and the new engineering-sell theory have scraped the dust off the order books once and for all.

• **The Product**—Nelson's main product is a patented stud, a short rod, usually fitted with threads for fastening. Conventional studs are usually threaded and screwed into a machined hole in a part. Nelson's stud is butt-welded directly to the metal with a special gun into which the stud is loaded. A press of the gun's trigger applies welding current for a preset amount of time.

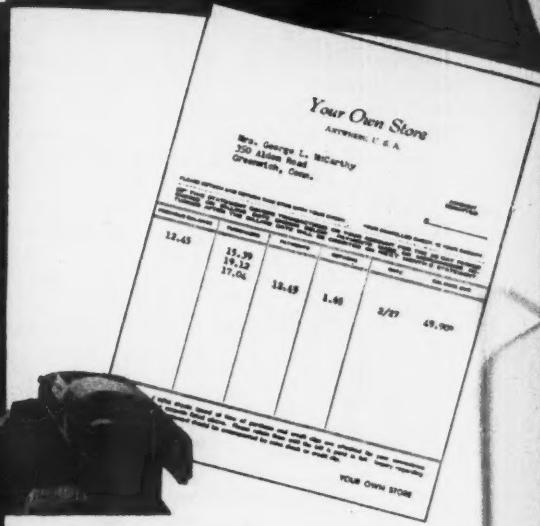
The Nelson stud has a small recess at its end. This recess contains the flux necessary for welding. A ceramic ferrule over the end of the stud confines the arc in a limited space, giving a shielded-arc effect.

• **New Fields**—Ever since it bought up the stud business, Morton-Gregory's idea has been to push the product into new fields. It already has launched successful campaigns in industrial ma-

Billing clerks had to do this . . . now only this



This descriptive-type bill took 1 minute and 20 seconds for the billing clerk to prepare.



This simplified bill—made possible by Recordak's Photographic Billing System—was turned out in 9 seconds flat!



Illustrating just one of the ways Recordak microfilming is increasing efficiency in 65 different types of business . . . in thousands of concerns

Before . . . billing clerks in retail stores had a tedious job . . . had to list and describe each article shown on "charge account" sales checks. A 100% duplication, actually, of the sales clerk's record-keeping.

But, today, this waste of time and effort is a thing of the past for the hundreds of stores—large and small—using Recordak's Photographic Billing System.

Now . . . billing clerks post only the sales check totals . . . plus any credits and returns. No individual descriptions and price listings are required . . . because the original sales checks are microfilmed (for the store's record) and forwarded to the customer along with the simplified bill.

As a result, billing clerks can handle many more accounts . . . with greater accuracy . . . can keep ahead of schedule—even during seasonal peak periods. Fur-

thermore, billing machine requirements are reduced as much as 70%. And stationery costs are lower, too.

Regardless of your type of business—or its size—you should investigate Recordak microfilming soon. Remember, it's being used today in 65 different types of business, thousands of concerns—to simplify accounting routines; to get greater protection; to cut filing space requirements 99%; to produce photographically accurate and complete records . . . instantaneously . . . at surprisingly low cost.

Get the whole story . . . write to Recordak Corporation (Subsidiary of Eastman Kodak Company), 350 Madison Avenue, New York 17, N. Y.

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HIGH-OUTPUT GENERATOR replaces two 400-amp. jobs, costs one-third less.

chinery, automobiles, railroads, and steel mills. Just as a lumber yard sells nails along with lumber, major suppliers of materials, such as Aluminum Co. of America, Reynolds Metals, Armstrong Cork, Johns-Manville, are planning to stock Nelson studs and ship them with their materials.

Much of the success of this invasion stems from M-G's development of new products to make the stud easier to use. This week it brought out two more of these products—a high-output portable motor-generator set and a battery unit that recharges on 110 v.

• **Sales Up**—Thanks to the revitalized selling program and new fastenings developed for special fields, George E. Gregory, company president, says business on the books for the last six months was 45% ahead of the corresponding months last year. And that upsurge, Gregory says, doesn't reflect any appreciable amount of war orders.

• **Three-Way Approach**—What Nelson has done is a good example for any company whose basic product is a small component of a complete product. The company's three-way approach has been: (1) to develop basic engineering data on product performance and bring that data to the attention of designers throughout industry; (2) to engineer application equipment that will be inexpensive and easy to use and will assure accuracy in production; and (3) to keep field engineers—who can help potential customers on applications—circulating throughout industry.

• **No Proof of Pudding**—The wisdom of selling the engineer on your product shows up in Nelson's most recent achievement—the use of stud welding on openhearth doors. These doors, generally lined with firebrick or a baked chrome ore, "wear out" because of the



the VP hit the roof

The assembly line was clogged because grinding production slowed down. No wonder the V-P was sore. Don't let grinding inefficiency cause a frenzy in your plant. Check now. Changes in grinding wheels often multiply efficiency. Let a Simonds Abrasive Company engineer help you find out. He may be able to reveal unsuspected profit leaks in your plant. It costs you nothing and may save you plenty. Write.

EXECUTIVES — Simonds Abrasive Company's complete line has everything you need . . . grinding wheels, mounted points and wheels, segments and abrasive grain.

SIMONDS
ABRASIVE CO.

Grinding Wheels



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Division of Simonds Saw and Steel Co., Fitchburg, Mass. Other Simonds companies: Simonds Steel Mills, Lockport, N.Y.; Simonds Canada Saw Co., Ltd., Montreal, Que. and Simonds Canada Abrasive Co., Ltd., Arvida, Que.

Investigate this opportunity to earn from 40% to 75% on one single capital investment

HERE'S a fact of vital importance to every executive: Untreated industrial gases steal materials worth millions of dollars a year! Yet, recovery of these valuable materials is both simple and profitable. Scores of businesses in a wide variety of industries have found recovery with Koppers-Elex electrostatic precipitators pays annual dividends from 40% to 75%!

Earns direct profits

Recovery with Koppers-Elex precipitators makes direct profits: Initially, raw or process materials or catalytic agents are removed from gases *before* they reach the atmosphere. Since efficiency runs to within a fraction of 100%, tons of valuable materials are reclaimed—materials which can be reused or sold at a profit.

Pays one firm \$114,000

Monetary value of recovery runs into thousands of dollars a year. A Southern plant, for example, found that in one year their Elex installation recovered raw materials worth \$114,000. Their capital investment had been completely repaid in 1½ years, and every year since the investment has paid 75%. And today, maintenance costs less because the plant is cleaner.

Investment protected

Money invested in Koppers-Elex is protected. Before construction starts, Koppers engineers guarantee a minimum efficiency for the installation. Using that figure as a base, management then knows *in advance* how much material will be recovered . . . executives can closely estimate what their minimum saving or profit will be.

Recovery especially important now

Because *lower operating costs* are the primary concern of management officials throughout industry—the extra profits which recovery can earn are especially important today. To give executives all necessary data about their individual case, Koppers establishes a preliminary conference where all recovery possibilities can be explored.

Specific Data available

Your initial conference with Koppers executive-engineers costs you nothing. To get full information write the Koppers Company today and outline your problem. This places you under no obligation. Just address your letter to: KOPPERS CO., INC., Koppers-Elex Precipitator Department, 205 Scott St., Baltimore 3, Maryland.

REDUCE FLY ASH AND SOLIDS IN EXHAUST INDUSTRIAL GASES FOR NUISANCE ABATEMENT



The Koppers Company offers special precipitators for this service. Efficiency is guaranteed to meet your specifications, and actual cases show that guarantees have been exceeded by every installation. Write for Data Form today!



**Koppers-Elex Precipitator Dept.,
Baltimore 3, Maryland**

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...and leaves a printed, permanent record of the operations involved

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reduces multiplication time by
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intense heat. When the doors need servicing, the furnace is out of production.

Nelson's idea, worked out by its field engineers in cooperation with steel-mill production men, is to gun-weld large studs to the steel frame (picture, page 56). The studs serve two purposes: They help transfer heat to the water jacket behind the frame, and they support the baked chrome lining that is rammed between them.

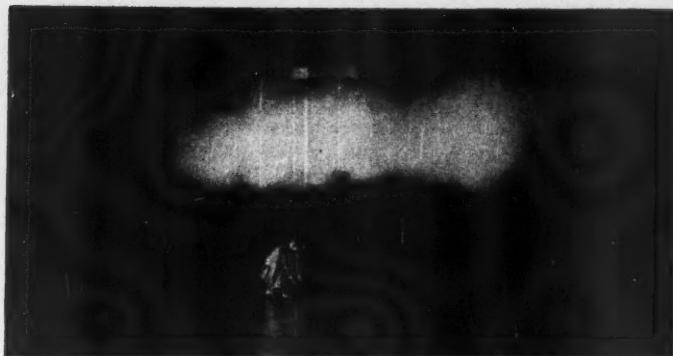
Compared with a brick door, a Nelson end-welded door, in a typical mill in the Chicago area, was about eight times as expensive. However, the stud-welded door lasted through 30 heats (compared with three for the brick type); tonnage loss during door change in a five-door furnace at the same mill was 26 tons a year with the stud-welded door, while loss amounted to 255 tons with brick doors.

• **Problems at Home**—One problem the company faced with its own equipment was that the welding guns required a big electrical amperage. Users, especially in the construction field, generally had to hook up two 400-amp. generators in parallel. And they needed a 440-v. or 220-v. source of power.

With this in mind, Nelson's engineering department came up with two new products. One, a new generator, runs at ultra-high speed and pours out amperage that is equivalent to two 400-amp. jobs in parallel. The generator, however, is fitted into a frame the size of a conventional 200-amp. motor generator; it costs one-third less than the two units otherwise needed. The second product is a battery-operated power source that doesn't require special high-voltage power service. This unit consists of 12 6-v., 150-amp. wet storage batteries mounted on a portable frame and fitted with a recharger that works off a 110-v. line.

• **Many Sizes**—Nelson's studs are available in a wide range of lengths and diameters, with a variety of threading arrangements, and in special shapes, such as I-bolts and J-bolts. There is even a special aluminum-insert steel stud (developed in cooperation with Alcoa) that permits attachment of aluminum sheet to steel support-members without the danger of electrolytic action (the steel is attached to the steel, aluminum to aluminum).

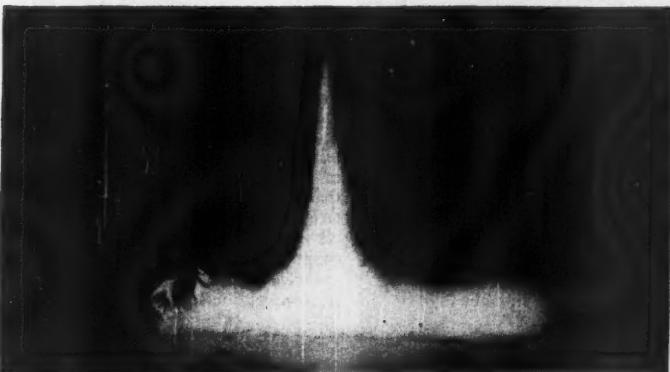
Using a hand-gun with these studs means, of course, that work can be done from the outside of the structure or product; no surface preparation is needed; the interior wall of the housing remains smooth; and design is often simplified and improved in appearance. Housings, for instance, need no longer be castings with sections thick enough to be drilled and tapped. Instead, they can be relatively thin, formed-steel sheet.



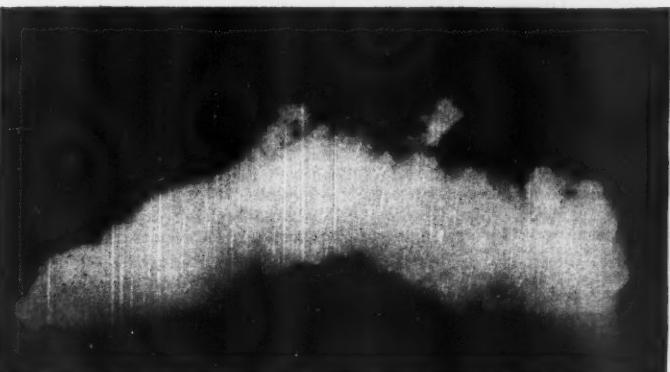
1 Heated air fans out into a horizontal plane as the fan of a cone diffuser starts up. The height of a ceiling determines the width of the opening between diffusion blades.

Smoke Traces Heat Patterns

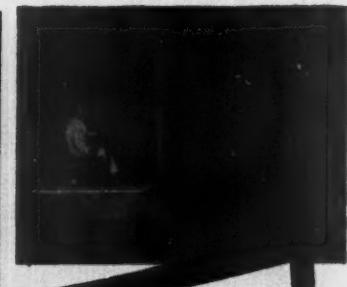
Trane Co. uses bombs to study effect of its hot-air diffusers and increase efficiency. (STORY ON PAGE 62)



2 Going full blast, the conic heater mushrooms heat down to the floor, spreads it out. This type recirculates warm air from waste pockets near the ceiling to working areas.



3 Blades of a fin diffuser split the warm air stream into two channels. Here a single heating unit does the work of two separate heaters. (TURN TO PAGE 62)



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COSTS
MUCH
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with CLARKS on the job

"Our fork-lift trucks provide utmost flexibility of operation. Even where ramps are rough and icy, loading 'Flagliners' is easy with our pneumatic-tired Yardlift '40' and Carloader Fork Lift Trucks. These machines also double admirably for towing planes into position. Handling costs are much lower since 'the Before Clark era'."

Harold A. Olsen, Gen'l Traffic Mgr.
Pacific Northern Airlines, Inc., Seattle
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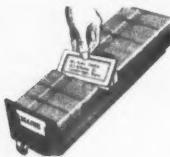
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Slide a trayfull

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The \$45 Elliott Addresserette prints 20 different addresses per minute.

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The \$245 model both prints and addresses and there are 52 other models which will perform any conceivable addressing problem.

If you now use other than Elliott addressing equipment, the cost of a change to Elliott equipment will probably pay for itself in less than three years.

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MANUFACTURERS OF STENCIL ADDRESSING
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SMOKE BOMB (Cont'd from p. 61)



4 A closeup of a cone diffuser shows blade construction. Blades are adjusted to fit the heating pattern of a floor arrangement, can be changed at will.

Smoke Bombs Trace Heat Diffusion Patterns

There is one common complaint about hot-air heating: People around an outlet are roasted; others in remote spots are out in the cold.

Essentially, this is a problem in distribution of the heated air. To help solve it, Trane Co., La Crosse, Wis., set its engineers working to develop special, easily adjusted diffusers that could be attached to conventional unit heaters. The engineers came up with what they call "Louver Cone" and "Louver Fin" designs. The Louver Cone diffuser fits ceiling-type unit heaters that discharge heat vertically. It has 24 adjustable blades. Ceiling-type units recapture wasted heat that collects under a high ceiling, redistribute it to working areas near the floor.

The Louver Fin diffuser attaches to horizontal-type heaters—cabinet-shaped units that line factory walls and which circulate warm air horizontally. The fin diffuser has seven horizontal and 56 vertical blades, adjustable without tools.

But the engineers wanted visual evidence of how well the new diffusers worked. So they set up a "smoke lab." They released smoke bombs in accumulators above and behind their heating units. As technicians measured air circulation with instruments, a flash camera recorded the patterns formed by the smoke clouds.

• **Flexible Flow**—The pattern pictures have helped the engineers to spot heat

on desired working zones, direct it between rows of workers on assembly lines, or blanket it against cold windows or open doors. Flow patterns of the diffusers are changed to fit new arrangements of floor layout.

Heating engineers recommend that diffusing units be located or concentrated at the points of major heat loss—over doorways or near windows and elevator shafts.

Silicones for Britain— With Help of U.S. Firm

Silicones—the unusual organic-inorganic family of fluids, lubricants, resins and rubbers—will soon go into production in England.

It's a cooperative project between Dow-Corning Corp., Midland, Mich., and Albright & Wilson, Ltd., Birmingham, England, a producer of phosphorus and phosphate chemicals. The English firm is currently designing a processing plant, with Dow-Corning helping at the engineering end. Both companies have formed Midland Silicones, Ltd., to handle marketing and distribution of the silicone products.

• **The Market**—The British see broad markets for the materials. Insulation for electrical parts and equipment will be one of biggest applications. Heat-resistant silicone provides high electrical properties in sections much thinner than conventional insulations. This increases the power-per-lb. ratio in electrical machinery, thus conserves steel and copper.

Under severe operating conditions, silicones also increase the life and reliability of equipment. For aircraft, silicone-rubber moldings, seals, and wire insulation give continuous service at temperatures from 500°F to -100°F.

5,000 ft. High Under Sea

Airborne Instruments Laboratory, Mineola, N. Y., recently switched to development work on gear for the Navy's snorkel submarines and found itself back in the airborne business.

Company engineers took hush-hush equipment for a sub ride and discovered that the "altitude" problem of a sub isn't much different from that of an airplane. When a wave splashes over a snorkel's breather tube, the valve closes automatically to make the sub airtight. This causes the ship's diesel engines to suck large amounts of air from inside the sub. In a few seconds, the interior atmospheric pressure can change from sea level to as much as 5,000 ft. above sea level. So now Airborne has to adjust the equipment to take the many sudden climbs and dives of the sub's theoretical altitude.

How Sid Birkland Learned about J&L Warehouse Service

A true story
with a moral

It was 2:45 P.M. on a Saturday. All the steel warehouses in town were closed, and Sid Birkland, owner and manager of the A&B Machine Works, Chicago, was in a tough spot. He needed a steel shaft, $3\frac{1}{2}$ inches in diameter and a little more than 7 feet long. And he needed it *quick* for machining and installation before Monday morning. Otherwise production in a customer's plant would be stopped.

Sid had called four steel warehouses, and the only answer he got was: "Sorry, we are closed on Saturdays." Then he 'phoned Art Hoover, J&L Warehouse salesman—at home. Art, realizing the spot Sid was in, went into action.

Art called Gus Strueck, the J&L Warehouse foreman, who was about to go shopping. Together they started for the warehouse, wondering how they were going to handle the heavy bar—get it from the stock rack to the power saw. On the way, they spotted Bernie Faille, the shipping clerk, all dressed-up going to his sister's wedding. Bernie knew how to operate the crane!

. . . So, because three loyal J&L employees put a customer's needs before their own convenience, the steel shaft was ready by the time Sid's truck arrived—and on Monday morning, Sid's customer had production rolling as usual. Incidentally, Bernie Faille arrived at the church in time to see his sister married.

An exceptional case? Sure, but a very good example of what J&L Warehouse SERVICE can mean to you when you're in a tough spot.

MORAL: Better join the Sid Birklands, and see what it means to have good steel service *when you need it!* The coupon at the right will bring you information on steels stocked by J&L Warehouses. Informative literature is available on most products. Why not clip the coupon *now?*

J&L
STEEL



Reenactment of a scene at J&L's Chicago Warehouse, when J&L employees, Art Hoover (wearing hat), Bernie Faille (in crane cab), and Gus Strueck (standing in truck) took time out on a Saturday afternoon to help A&B Machine Works out of a tight spot.

Jones & Laughlin Steel Corporation
434 Jones & Laughlin Building
Pittsburgh 30, Pa.

I am interested in quick service and information on the following steels stocked by J&L Warehouses. Please send me your literature.

- JALCASE—cold finished, free-cutting steel
- "E" STEEL—the bessemer steel for fast machining
- JALLOY—for high abrasion resistance
- OTISCOLOY—the high-strength steel
- JAL-TREAD—the checkerboard-design floor plate
- PRECISIONBILT WIRE ROPE—including the exclusive CenterFit design
- JUNIOR BEAMS—for light, fire-safe construction
- JUNIOR CHANNELS—for stair stringers and other applications

Name _____ Title _____

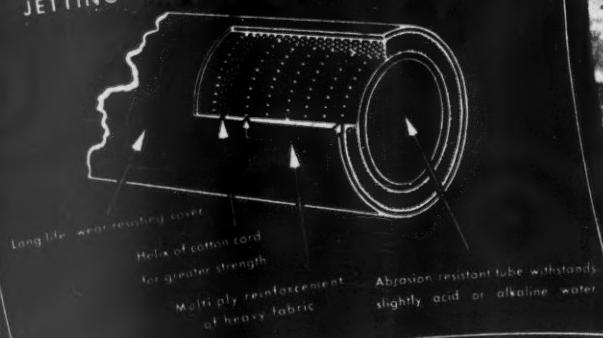
Company _____

Address _____

JONES & LAUGHLIN STEEL CORPORATION
★ J & L WAREHOUSE—"A DEPENDABLE SOURCE OF SUPPLY" ★

Best way
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GOODYEAR INDUSTRIAL RUBBER PRODUCTS
 -Specified STYLE M
JETTING HOSE for HYDRAULIC MINING



FOR HOSE, FLAT BELTS, V-BELTS, MOLDED GOODS, PACKING, TANK LINING built to the world's highest standard of quality, phone your nearest Goodyear Industrial Rubber Products Distributor.

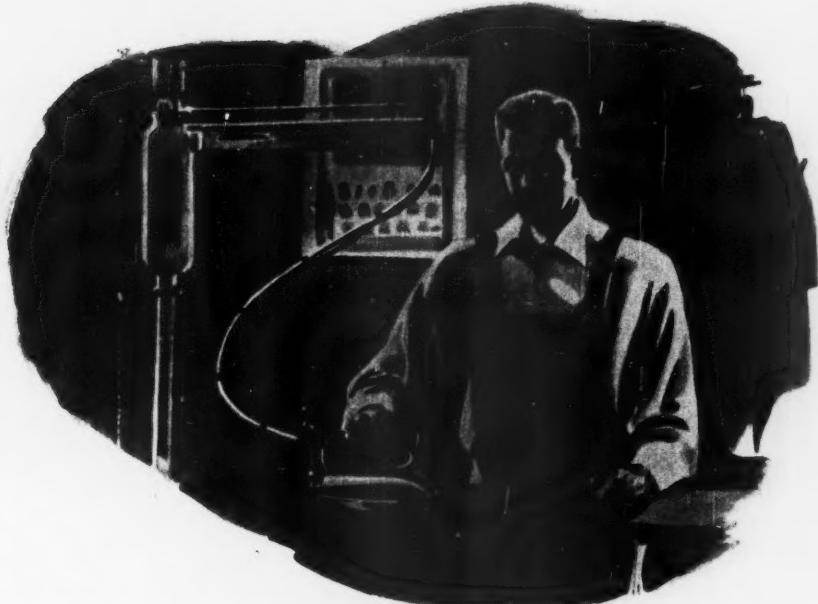
Back in '98, hardy sourdoughs picked and shoveled their way down through the frozen gravel muck to reach the gold-bearing lodes along Alaska's famous Yukon River. Today, hard-hitting streams of water jet through hose and nozzle to tear away the overlying strata of earth and gravel, exposing the pay dirt for the miners. Key part of such hydraulic mining installations is Goodyear's Jetting Hose — developed by the G.T.M. — Goodyear Technical Man—to handle huge quantities of water at pressures running as high as 400 pounds per square inch of hose.

Closer to your own home is another hose user — the man who presses your suit. His commercial-type pressing iron gets its steam through a G.T.M.-developed

hose. It's armored with asbestos to resist high heat, reinforced within to stand steam under pressure and constant flexing. For failure here would mean a dangerous accident involving scalding steam. Pants-pressers delight in Goodyear's Style HD Steam Pressing-Iron Hose, designed to meet their specific needs.

Meeting exact demands for hose service comes naturally to the G.T.M. For he can choose from more than 800 types of hose made by Goodyear — each of which is built to perform a particular job with greater dependability and on-the-job economy. To get the best hose for your job, ask the man who knows hose best—by writing the G.T.M. at Goodyear, Akron 16, Ohio.

— or press a suit



We think you'll like "THE GREATEST STORY EVER TOLD"—Every Sunday—ABC Network

GOOD  **YEAR**
THE GREATEST NAME IN RUBBER

*When will this infernal
noise ever stop?*

*The day you install
FIBRETONE*
noise-quelling ceilings!*

You'll be surprised how little it costs to reduce
disturbing noise and increase productive efficiency—

with Fibretonce Ceiling Panels. Let our acoustical engineers convince you with an estimate.



Fibretonce Acoustical Panels are easily, quickly installed over new or existing construction.

THOUSANDS AND THOUSANDS of "noise traps" to help end harmful noise—that's the secret of Fibretonce, one of several types of Johns-Manville Acoustical Ceilings.

Each 12"-square unit of Fibretonce contains hundreds of small cylindrical holes drilled in the sound-absorbing material. As sound waves strike the ceiling, they enter the "noise traps" where the sound energy is dissipated.

Fibretonce is pre-decorated, attractive in appearance, can be painted and repainted, and is designed to meet the most modest budget. Available with flame-resistant finish if desired.

Other J-M Acoustical Ceilings include Transite*, made of fireproof asbestos; and Sanacoustic*, perforated metal panels backed up with a noncombustible, sound-absorbing element.

Whatever your noise problem, and whatever the type of interior, there's a J-M acoustical material that is exactly right to give you the best in sound control.

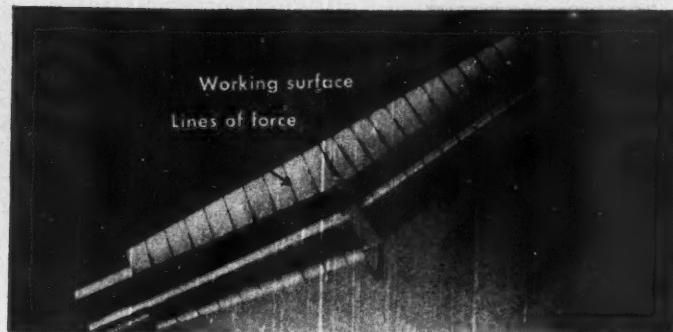
You'll be under no obligation to let us answer two executive questions: "What will the job cost?" "How soon can you do it?" For a prompt estimate, or free book on "Sound Control," write Johns-Manville, Box 290, N. Y. 16, N. Y.

*Reg. U. S. Pat. Off.

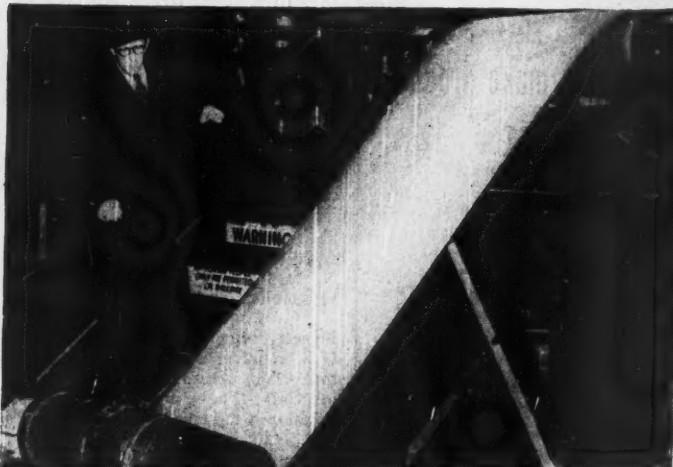


Johns-Manville

Movable Walls—Terraflex and Asphalt Tile Floors—
Corrugated Transite—Flexstone Built-Up Roofs—Etc.



MODEL of double roller shows how surface of roller toes in, provides a force that keeps material centered as it is carried along. A typical use is on . . .



PICKLING LINE at Carnegie-Illinois McDonald Works, where the newly developed split-rollers eliminate need for side guides that might mar material.

Spill-Proof Conveyor Has Twin Rollers

Roller conveyors have always had one major fault—the cargo they carry has a tendency to wobble and fall off, especially going around corners, or on grades.

Usual solution is to put side rails or guides on the rollers. This keeps the cargo aboard but reduces the width of the carrying surface. It can sometimes damage the sides and edges of the cargo.

A new solution has been found, the brainchild of E. T. Lorig, chief of Carnegie-Illinois Steel Corp.'s senior engineering staff. It's in use at the company's McDonald plant.

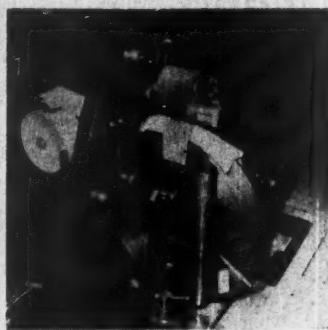
• **Twin Rollers**—Lorig replaced each individual roller with a pair of slightly tapered rollers placed with their axes at an angle (top picture). The twin rollers are set so that their upper surfaces form an almost horizontal line. As the roller surface turns under its

cargo, it is moving slightly inward as well as forward. This produces a force that pushes the load toward the center. The force holds the cargo docilely on the rollers while moving it to its place, regardless of curves or slopes.

• **New Uses**—Carnegie-Illinois is now manufacturing the self-centering rollers at its Johnstown plant. Tests have indicated that they can be used for runout tables, feed rolls for electrolytic tinning, galvanizing and pickling lines, and for various gravity runs.

Meanwhile, experiments are under way at the Isabella Furnaces of C-I to develop a stainless steel conveyor belt operating on self-centering rolls. It will handle hot ferromanganese flue dust. Two stainless steel belts for coal are about to go under test at the Lynch (Ky.) mine of H. C. Frick Coke Co., subsidiary of U.S. Steel.

Angier VPI® Wrap means Packaging Time Cut 1/2 for Well Known Steel Firm



YOU, TOO, can slash packaging time of steel products with . . .

Angier VPI® Wrap Stops Rust Without Slushing

Not 1500 pounds wrapped—but 3500 an hour! That is part of the savings discovered by Wallace Barnes Co., Division of Associated Spring Corp., Bristol, Connecticut when Angier VPI Wrap was adopted to simplify rust prevention of carbon steel coils. "On many shipments using VPI", says purchasing department's R. O. Johnson, "we have been able to avoid customary coil wrapping and thereby pass packaging savings on to the customer."

This revolutionary vapor guardian against corrosion makes grease or oil "slushing" or dipping unnecessary . . . saves greaseproof paper . . . "cleaning" is no longer required for customers. If you ship or store metal parts or products, fill in coupon—mail now to:

*Vapor rust preventive

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Representatives & Distributors in Principal Cities
Industrial Packaging Manufacturers & Engineers Since 1895

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Yes Send VPI Facts! I am interested
in rust control of:

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|---|---|
| <input type="checkbox"/> Machinery—Industrial,
Metal Working, Farm,
Office, Construction. | <input type="checkbox"/> Steel in
processes of
fabrication. |
| <input type="checkbox"/> Electrical Machinery,
Appliances, Products. | <input type="checkbox"/> Instruments
and clocks. |
| <input type="checkbox"/> Fabricated Products—
Cutlery, Hardware, etc. | <input type="checkbox"/> Ordnance
Equipment. |
| <input type="checkbox"/> Transportation Equipment—
Aircraft, Auto, Naval, Railroad, etc. | <input type="checkbox"/> Others: |

(USE MARGIN for name, title, firm, address)

PRODUCTION BRIEFS

Mr. Mallory is
mighty proud
of this coil!



You may get a profitable idea on how to make products
better, faster, at less cost using
PLASKON ALKYD



Top part of Mallory Coil for automotive ignition systems is molded of Plaskon Alkyd by Great Lakes Plastics, Plymouth, Mich.

When the president of Detroit's Mallory Electric Corporation brands it "The Best Coil I Ever Made"... you know this automotive coil is something *very special*. And helping to make it such is Plaskon Alkyd, the thermosetting molding compound with electrical properties never before attained in any plastic. Plaskon Alkyd was chosen because it was the plastic material which passed all the tests for dielectric strength, resistance to electrical leakage, arc resistance and dimensional stability under high temperatures.

In addition, *quick-curing* Alkyd can increase your production and reduce costs. It can be molded rapidly on automatic machines utilizing simple dies. Tooling costs are less — up to four times as many parts can be produced per mold cavity. We would welcome your inquiry for literature on how Plaskon Alkyd helps make it better, faster, and at less cost.



PLASKON
ALKYD

PLASKON DIVISION • LINNET • DIVERSE • FIRE GLASS COMPANY
2119 Sylvan Avenue, Toledo 6, Ohio
Branch Offices: Boston, Chicago, New York, Los Angeles,
Rochester, San Francisco
Manufacturers of Molding Compounds,
Resin Glues, Coating Resins
In Canada: Canadian Industries, Ltd., Montreal, P.Q.

An aerosol-type fire extinguisher is getting a try-out by the Army Engineer's Research & Development Laboratories, Fort Belvoir, Va. The 1-lb. unit looks like a beer can, is junked after use.

GE bought the name, patents, and technical data of Turbodyne Corp., a Northrup Aircraft subsidiary. The purchase will supplement GE's research and development of turboprop engines.

Explosive hazard of cornstarch in food-processing industries is described by Bureau of Mines' Report of Investigations 4725. For a free copy, write to the Bureau's Publications Distribution Section, 4800 Forbes St., Pittsburgh 13, Pa.

Television was piped into 14 more cities this week as Long Lines Dept. of AT &T expanded its intercity coaxial network. This brings the total to 32 cities, carries live shows south as far as Jacksonville, Fla., west to Omaha, Neb.

Parachutes are going up, in production: Irving Air Chute Co., Inc., Buffalo, N. Y., has an Air Force contract for \$1.3-million worth of them.

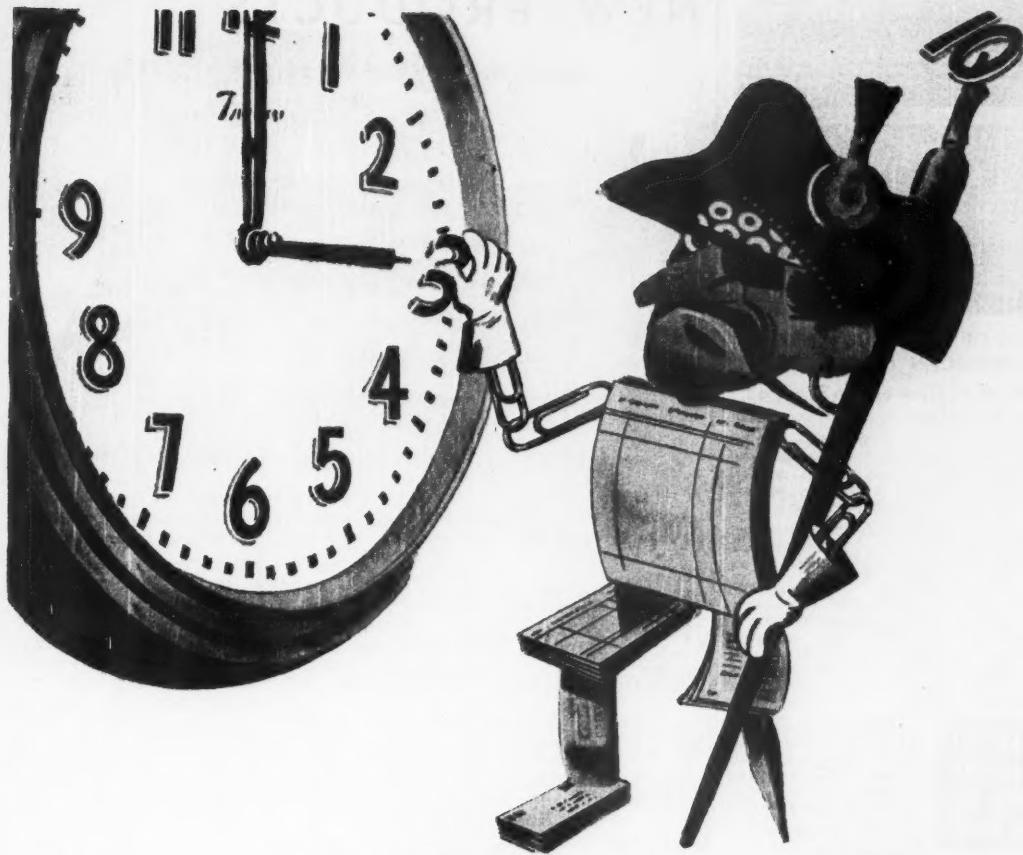
Biggest boring mill ever built in the U.S. is under construction at Hamilton, Ohio, according to Lima-Hamilton Corp. The 43-ft. vertical mill will be shipped to Italy.

Plaskon will up its output of alkyd plastic molding compounds (BW—Sep. 25 '48, p83) with a new plant addition near Toledo, Ohio. The Libbey-Owens-Ford Glass Co. division plans to have the added capacity in production by March.

Better coal-burning methods will get a research appropriation of \$600,000 from Bituminous Coal Research, Inc., for 1951. Projects include continued development of a coal-burning gas turbine locomotive, studies of block heating in business districts, and a smokeless warm-air furnace.

Formaldehyde-alcohol solutions are being produced by Celanese Corp. of America. Pilot-plant processing at the company's Bishop (Tex.) plant turns out percentage solutions of formaldehyde in butanol, propanol, and methanol.

Another video system has been worked out by Catehart-Farnsworth Corp. This one flashes a complete image 60 times per second, has a memory tube similar to the device used in an electronic computer.



"Pieces of EIGHT hours are my loot!" —says the Paperwork Pirate

LOST hours—precious pieces of EIGHT-HOUR working days stolen from business by the Paperwork Pirate—represent lost profits that never can be recovered.

Addressograph simplified business methods eliminate the waste of the Paperwork Pirate (unnecessary clerical costs in the handling of paperwork).

Addressograph speeds up the writing of anything that has to be written more than once. You can write up to 5,000 words or 30,000 figures a minute.

Figures, descriptions, names are mechanically written with 100% accuracy. Information can be imprinted, listed, distributed or tabulated on all types of business forms—quickly and without error.

Stop the daily pilfering of your business profits. Let Addressograph study your paperwork handling. Telephone the Addressograph man in your city or write Addressograph-Multigraph Corporation, Cleveland 17, Ohio, for information on Simplified Business Methods.

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ONE OF THE TRULY GREAT AMERICAN LAW BOOKS

All of the Law on the Subject

By H. A. TOULMIN, Jr., J.D., LL.B.

"Nearly every one of our companies, our professions, our inventors, our laboring people, have been, at one time or another, directly or indirectly, involved in alleged violation of these [anti-trust] laws."

"Can all these various companies and talented executives and able lawyers and the great institutions they represent be so evil and so wrong?"

"Must we, in enforcement of the law, make it necessary for business, in order to operate, to have executives constantly nursed, supervised, checked and regimented by a host of lawyers and police investigators in order to give it even a semblance of survival?"

Can All Business Men Be So Evil?

Toumlin's Foreword to his monumental seven-volume work on The Anti-Trust Laws of the United States, the first five volumes of which are now ready.

In response to a widespread demand upon the part of lawyers and business men throughout the United States, we have reprinted this challenging statement by a "fighting" trial lawyer who knows the subject and has had broad experience in this field.

ASK TODAY FOR YOUR COPY OF THE TOULMIN FOREWORD.

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THE W. H. ANDERSON COMPANY
524 Main Street, Cincinnati 1, Ohio

Please send me, without cost or obligation, the 13-page Foreword to ANTI-TRUST LAWS by H. A. Toumlin, Jr.

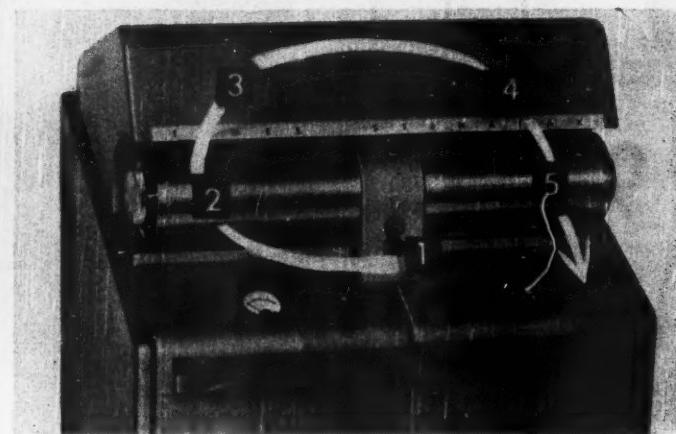
(If you also wish to receive without charge a beautiful 16-page Brochure of the work, check here

Name _____

Address _____

City Zone State

NEW PRODUCTS



CUTTER STARTS at turn of switch (1). Picture to be reproduced is on drum (2). As drum revolves, photoelectric scanner (3) moves along drum. When scanner sees black, a stylus (4) jabs hole in plastic stencil on second drum (5), reproduces picture.

Pushbutton Artist Cuts Plastic Stencil

Stenafax reproduces pictures for mimeographing in six minutes. Vinyl plastic stencil makes over 10,000 copies.

Mimeographing is a snap—except for the stencil cutting. In stenciling you're limited to a typewriter or a rough drawing. But Times Facsimile Corp. has a machine, called Stenafax, that photographs office forms, layouts, engineering drawings, then transfers the pictures to a vinyl plastic stencil ready for mimeographing. TFC says cutting takes 6 min. or less, and the vinyl plastic stencil makes over 10,000 copies.

• **Scanning Operation**—Copying is simple. Two cylindrical drums revolve on a single axis. Around one you wrap the material to be reproduced. You put the plastic stencil around the other. Once you've snapped on the starting switch, both drums turn at the same speed. A photoelectric scanner picks up the original copy while the carriage moves slowly along the length of the revolving drum. Mounted on the same carriage is a stylus. It punches tiny holes in the stencil when the scanner sees black space.

When cut, the stencil is ready for mimeographing, like any other stencil. And the final product looks like any good mimeographed job.

Designed by Henry Dreyfuss, the machine is 26 in. long, 19 in. wide, and 45 in. high. The electronic and machine parts slide out of the machine base for quick repairing.

• **Test Work**—TFC has had a test model of the Stenafax operating for two

months at Andrews Field, the headquarters of the Air Force weather service. Actual production will begin in early November. TFC expects to make around 100 a month at a manufacturing cost of over \$1,000. At the start, TFC will lease out Stenafax to Washington, Philadelphia, and New York concerns.

• Source: Times Facsimile Corp., 229 W. 43rd St., N. Y. 18.

Lazy Man's Countersink

Buckeye Tools Corp.'s new counter sinking tool is automatic. Instead of holding and weighting the countersink with his body, the operator sets the tool to the hole, then lets it do the work.

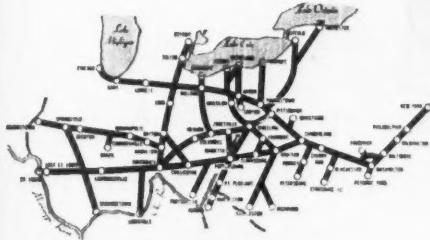
Once in the hole, the tool's mandrel expands to tighten the tool in an operating position. Air power then supplies thrusting action for cutting to the depth determined by the operator. When countersinking is done, the mandrel contracts, and the operator removes the tool.

BTC says that automatic countersinking insures alignment between the hole and cut. The tool, designed for countersinking holes $\frac{1}{2}$ in. in diameter and larger, comes in sizes ranging from $\frac{1}{2}$ in. to $1\frac{1}{4}$ in. Boeing Airplane Co., which helped develop the tool, says that in its Wichita plant the countersink reduced the time for drilling $\frac{1}{2}$ -in.

Better still, as so many factors enter into plant location, let us study them for you. We have a thoroughly trained staff to analyze all the factors of plant location and coordinate them to your best advantage.

In the B&O area is "the lion's share" of raw materials, electric power, labor and purchasing power, and economic advantages for industry surpassing any other area. These are: bituminous coal, petroleum, natural gas, rock salt and salt brines, limestone, dolomite, clay, glass sand—nature's "horn of plenty" within reach in unlimited quantities; numerous streams and lakes plus ground water and artesian reservoirs of cool, fresh water for processing and steam power.

The best way of adapting these to your needs is . . . just tell us your requirements! Our Industrial Development staff will submit—in confidence and without obligation—a factual study, custom-made for you.



ASK OUR MAN!

Industrial Development representatives are located at:

New York 4, N.Y. • Baltimore 1, Md. • Pittsburgh 22, Pa. • Cincinnati 2, Ohio • Chicago 7, Illinois



BALTIMORE & OHIO RAILROAD

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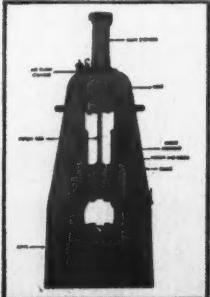
The Beardless Gravity Drop Hammer

Costs less to operate . . .
Forges more minutes per hour . . .

Safer and easier to operate . . .

No Boards • No Front Rod • No Back Rod
This hammer is setting new records in
cutting forging costs and in increasing
production.

Write for details.



REORDERS AND
MULTIPLE
INSTALLATIONS
PROVE IT'S
AMAZING
PRODUCTIVITY

CHAMBERSBURG MACHINERY CO., CHAMBERSBURG, PA.

FOR HIGH
CECO DROPS
OPERATION
at one of the
country's
leading foundries

PETER PIPER picked a peck
of printing papers and
then standarized on EASTERN'S

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FOR LETTERHEADS & OFFICE FORMS

Available in white, cream, and twelve colors.
Crisp, clean, genuinely watermarked



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B.E.P.

holes in aluminum from $3\frac{1}{2}$ min. to
 $3\frac{1}{2}$ sec. BTC can make deliveries to
commercial users in four to six weeks.
• Source: Buckeye Tools Corp., 29 W.
Apple St., Dayton 1, Ohio. Price: \$595.



How Big Is a Hole?

To cut down gauging costs, Sheffield Corp. has developed versatile gauging spindles that can be used on most makes of air gauges. The device works on contact; it provides a relatively inexpensive means for precise checking of internal diameters within a range of 1 in. to 3 in. inclusive.

The Sheffield adjustable spindle consists of a tapered core, a set of four blades, and clamps to hold the blades in place. To set it to measure a specific size, you adjust the position of the blades on the tapered core by using a special fixture and gauge blocks; thus no master rings are needed. Then you clamp the blades into place. For a larger size, you use larger gauge blocks.

Sheffield says the spindles will work with air gauges having an amplification of 2,000 to 1 or less.

• Source: Sheffield Corp., Dayton 1, Ohio. Cost: \$1,100 for complete kit.

Grab for Annealing Pots

To speed up handling of malleable castings, Townmotor Corp. has modified its Revolving Barrel Grab so that it can pick up, rotate, and dump annealing pots of varied sizes.

Fitted on a lift truck, the hydraulically operated grab arms open to the width of the annealing pot. The arms close, and the curved gripping shoes hold the pot tightly. After the lift truck carries the pot to a shakeout table, the dumper inverts the pot, then places it on the table. Once emptied, the pot is rotated to an upright position, and set on a conveyor that carries it back to the annealing department.

The dumper has a capacity of 2,100



Now old King Cole
was a merry old soul
a merry old soul was he
he called for his pipe
and

He called for his bowl

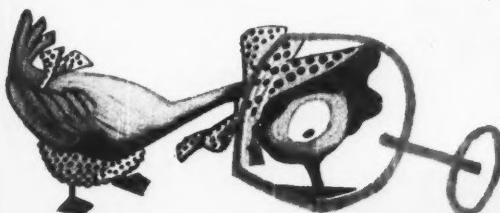
... filled to the brim with sparkling rich wine or foaming ale. Like King Cole, millions of Americans have found the products of the alcoholic beverage industry a real addition to their daily diet, making Beer and Wine one of the fastest growing of the mighty FOOD PROCESSING INDUSTRIES.

ALCOHOLIC BEVERAGES... a large and growing field with \$2.6 BILLION a year production value, but still part of the vast \$33 BILLION FOOD PROCESSING BUSINESS ... and breweries and wineries have processing interests and problems common to the rest of this tremendous field.

For... FOOD, with its 40 thousand plants and multitude of end products is one industry. It is the largest single market for industrial equipment, materials and supplies in the U. S.... and all its branches have the same basic operations, utilizing similar methods, equipment and materials.

The brewer and vintner, the canner and baker, read Food INDUSTRIES, most quoted and most used food journal in the world. For, FI is the only magazine that keeps them abreast of what other plants are doing in all branches of the food field... every issue carries practical new ideas for profitable processing.

Food INDUSTRIES gives them ideas for cutting costs, speeding production, and improving processing, packaging, and materials handling. And... the Food men that buy read Food INDUSTRIES... advertising in FI carries your message to the real buying influences in Food plants.



Food Industries

A McGRAW-HILL PUBLICATION



Gunnison Homes, Inc., a United States Steel Corporation Subsidiary, is granting a limited number of franchises now in selected territories for delivery of homes during 1951. Write Dept. W-5.



for a CHAMPION MARKET... the GUNNISON* CHAMPION Home!

The CHAMPION Home is designed for the widest market . . . for the American millions earning \$50 or more a week! The CHAMPION Home is manufactured in the quality tradition of Gunnison Homes, Inc. . . . built for strength, for permanence! The Low-cost Quality home is easily financed . . . eligible for FHA and VA loans!

PROFIT FEATURES: Quick, easy erection (under roof in one day) • Rapid turnover • 3 sizes, many designs, 6 basic colors . . . ideal for large developments • High standards of quality • Greater market . . . greater Profit • Eye-appeal . . . BUY-appeal!

Wherever There's Better Living . . .

Gunnison Homes



*TM

lb. Townmotor says the lift plunger has a tubular steel protector that keeps out dust and abrasives in the air.
• Source: Townmotor Corp., Cleveland, Ohio.

NEW PRODUCTS BRIEFS

Railroad radio unit produced by Westinghouse contains transmitter, receiver, and power supply in heavy-duty assembly. Known as "type FE," the equipment has all circuits for end-to-end, train-to-train, and wayside-to-train communication.

"Stays-on" metal primer adheres to almost any metal surface as a base for finishing coats of paint or lacquer. It is colorless and dries in three to five minutes. Maker is Steelcote Mfg. Co., 3418 Gratiot St., St. Louis.

Nonskid floor plate, called Algrip, is made of rolled steel. It has abrasive grain rolled into the upper part of the plate. Wear exposes fresh abrasive. Manufacturer: Alan Wood Steel Co., Conshohocken, Pa.

An **interlock box** for extending electric cable has a safety cam lever which locks plugs securely while power is on. A flip of the lever breaks the circuit and clears the plugs for removal. It's made by Panellit, Inc., 7218 N. Clark St., Chicago.

Ready-to-use boiler is shop-assembled by Babcox & Wilcox. Known as the Integral-Furnace Boiler, Type FM, the unit is made in standard sizes for loads from 7,000 lb. to 25,000 lb. of steam per hour at pressures up to 250 psi.

Lot-size calculators answer the manager's questions on "How much to buy?" and "How much to make?" Two plastic discs, one for purchasing and one for manufacturing, resolve such variables as set-up saving and inventory costs of storage, etc. They are made by Van D. Mark, 433 Lawnview Ave., Springfield, Ohio.

Noise meter made by the Daven Co., Newark, N. J., measures distortion and hum level in audio frequency equipment. Pushbutton tuning balances the unit automatically. It is known as the Daven Type 35-A.

Shur-Tred Wax is supposed to retard slipping. S. C. Johnson & Son, Inc., Racine, Wis., the manufacturer, says the wax is handsome and self-polishing.

A Bunsen burner has an on-off flame control, is made by Hanau Engineering Co., Buffalo, N. Y.



A searching analysis
of one of America's big
growth industries

Are we finding gas faster than we are using it up?

Page 79

Can consumption ups and downs be leveled off?

Page 79

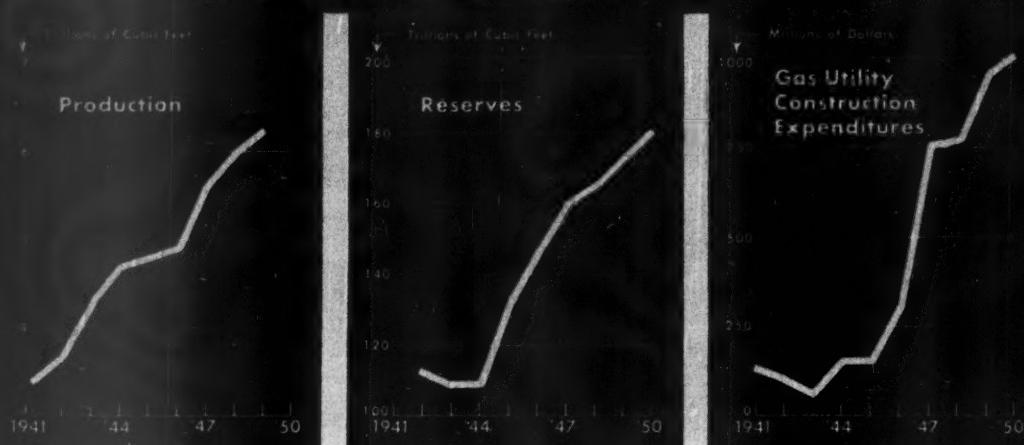
Will Uncle Sam regulate prices of gas producers?

Page 81

Will war slow down pipeline expansion?

Page 82

NATURAL GAS: Production, Reserves, and Spending Are Up...



DOUBLING five to get 10 is old hat to industry. But when you add a billion to the equation, the figures become explosive. That's the way it is with natural gas. At the start of 1945, gas utility plant in the U.S. had a value of \$5-billion. By the start of 1955, it should be more than doubled—an expected grand total of \$11.1-billion.

Korea may knock out some of the planned new construction and expansion. But it came too late to spoil the record. By the end of this year, post-World War II projects will hit a good \$4-billion. The 1950 total alone is expected to set a record—\$1-billion or more. And the industry expects to pay out nearly that much in 1951.

• **Problems, Problems**—Anything that big that's growing that fast creates problems. Today the gas industry is stealing markets away from its historic competitors: oil, coal, and to a limited extent, electricity. In many a city, gas is the cheapest fuel for house-heating. It makes problems for the industry itself—how to produce and market the gas, where it's to come from, who's to finance it.

And it has legislators and regulators reaching for the aspirin. Congress, federal agencies, state legislatures and commissions, the courts, all have wrestled—and are still wrestling—with the problem of how to cope with this fluid, invisible stuff that is rising like a huge tide, pouring through ever bigger, longer pipelines to reach more and more customers.

• **Ballooning**—You can gauge the scope of the problem not only by what the gas industry plans but by what it has already done. In 1949 it operated 364,100 mi. of main, up 53,300 in four

years. In the past four years, it has added 4-million customers—more than it added in the whole decade just preceding the war. Some 7.2-million householders now heat with gas; utilities expect to add 3-million more in the next three years. Gas for industrial use has grown by leaps and bounds; it comprises 70% of all the gas used for fuel.

I. How It Grew

It wasn't like this 25 years ago. Until the mid-1920's, people called the gas industry a "quiescent" or a "stagnant" business, depending on how polite they were. While competition from electricity grew, utilities contented themselves mainly with selling gas for cooking and water heating, and for such specialized industrial purposes as heat-treating metals. In those days, of course, unless a city had natural gas fields in its back yard, the standard commodity was manufactured gas.

• **Turning Point**—Then in the mid-20's, two things happened. Seamless and welded steel pipe was developed, which could transport gas long distances under high pressure. And billions and trillions of cubic feet of natural gas reserves were discovered in the Southwest and Gulf Coast regions. Much of it was found in conjunction with crude oil.

The pipelines gave the oil producer a market for this "casinghead" gas. Before they came along, most of it was wasted. Producers sold some to nearby carbon black plants for a penny or two per thousand cu. ft.; they sold some to surrounding cities and industries; but they simply blew most of it into the air.

In 1920, natural gas consumption was a modest 798-billion cu. ft. With the

new supplies and the knowhow to pipe them longer distances, consumption jumped to 1.9-trillion cu. ft. by 1930.

• **The Lines Stretch**—All through the 30's, gas reached out to more and more remote markets. The first major long-distance, high-pressure line was laid in the very first year. It ran 900 mi. from the Texas Panhandle, brought natural gas to Chicago. It carried gas at a pressure of 700 psi.; most other lines were using perhaps 450 psi. That line still is operating; but it has been supplemented by a second, and a third—this one from the Gulf Coast fields of Texas—is now being built to meet the needs of the Chicago area.

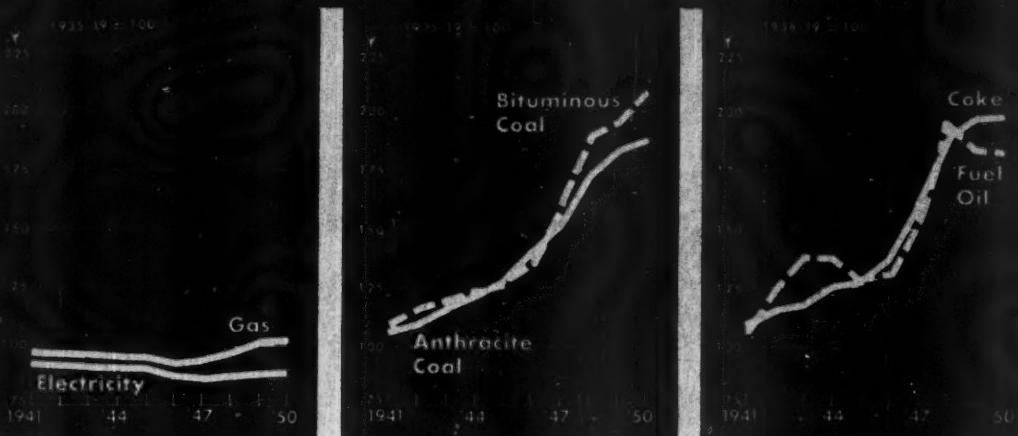
Even the depression couldn't stop the big lines' cross-country march. Natural gas came to Detroit, to Minneapolis, to Denver, and a host of other cities, large and small. By 1940, consumption had reached 2.7-trillion cu. ft.

The war was a setback. Expansion could no longer keep up with potential demand. Even so, gas consumption rose nearly 1.3-trillion cu. ft., 34,000 miles of main were laid in five years.

• **Big Rush**—At last wartime controls on materials and manufactures ended. And gas really began to flow. What was limited was the ability of pipeline companies and the utilities to deliver. Utilities had to clamp restrictions on new installations for house-heating purposes; more than one pipeline company was in hot water with its utility customers over gas supplies. New long-distance pipeline projects by the score were planned, financed, and built; steel mills were loaded with orders for large-diameter, high-pressure pipe.

That's how things are today. Projects

...But Its Price Hasn't Jumped Like Most Other Fuels



now before FPC for authorization would add 4-billion cu. ft. daily to pipeline capacity—and that is 37% of all pipeline projects FPC has authorized since it got jurisdiction over interstate pipeline projects eight years ago.

II. Production and Distribution

You can count the nation's gas-producing wells by the ten thousand. Last year they belched forth about 7.5-trillion cu. ft. of gas. Of this amount, perhaps two-thirds came from gas wells; the rest was produced in conjunction with crude oil. (Rule of thumb often used by engineers: 1,000 cu. ft. of gas for each barrel of oil produced.)

Some 30% of the gas produced never gets to be fuel; 1948 figures of the U.S. Bureau of Mines (latest available) show that 17% was put right back into the ground to push up more oil; another 13% was lost or wasted.

A lot of the gas that is used for fuel never leaves the producing fields. It stays right there for power purposes.

But most of the gas travels. From the oil and gas fields, it moves out by pipeline to cities and towns, industries and utilities. Most of it doesn't go beyond the borders of the states in which the gas is produced—only 1.8-trillion cu. ft. out of the 5.1-trillion cu. ft. marketed in 1948 was transported interstate.

But it's that smaller share, the gas that crosses state lines, that is making the big news in the gas industry—and the big controversies.

• **More Natural**—Natural gas, of course, represents the lion's share of all gas distributed as fuel in this country. You can't compare natural gas with manufactured and mixed gas on a cubic foot

basis; natural gas has about twice the heating value per cu. ft. that manufactured gas has and is nearly 20% "hotter" than mixed (which, as its name implies, is simply a mixture of natural and manufactured gas). To get around this difficulty, gas men use a standard yardstick called a "therm"; one therm is equivalent to 100,000 btu. This makes it possible to compare gases on the basis of their heating value.

Using this yardstick, then, we find that last year natural gas accounted for better than 90% of utilities' sales to consumers in the United States; manufactured-gas sales represented 6.3% of the total, mixed-gas sales 3.4%.

Right now only two major sections of the United States lack natural gas service, actual or authorized. These are New England and the Pacific Northwest. A third area, the South Atlantic states, will get gas as soon as already authorized pipeline projects are built.

• **New England**—New England is due to get it—if FPC can ever struggle through to a decision on who's to deliver it. It's trying. It may decide before the year's end.

Two groups of utilities are fighting for this virgin New England market:

• Eastern Gas & Fuel Associates, a group of northeastern utilities, has formed Algonquin Gas Transmission Co. Algonquin proposes to build a line to service communities in Connecticut, Massachusetts, Rhode Island, and New Hampshire. It would get its gas from Texas Eastern Transmission Corp., whose lines already extend from the Texas and Louisiana Gulf Coast to New Jersey and New York.

• Northeastern Gas Transmission Co., subsidiary of Tennessee Gas Trans-

mission Co., proposes to build a line to serve all six New England states. Its line would tie in with new lines of Tennessee Gas and Transcontinental Gas Pipe Line Corp., which would supply Northeastern's gas.

• **Pacific Northwest**—On gas, the Pacific Northwest of the U.S. is a have-not area. Western Canada has gas—and oil—running out its ears. The main producing fields are in southern and northwestern Alberta. One Canadian expert estimates Alberta's proven reserves at 7-trillion cu. ft.

So supply is hardly a difficulty. The question is how to market all that gas. A look at this particular picture will give some clues on what it takes to move gas from the well to the kitchen burner.

• **International**—There's a special complication here, of course. Both Canada and the U.S. are interested. Alberta wants to be sure it has gas enough for Canada before it O.K.'s export. The question seems academic to U.S. oil and pipeline men. Nevertheless, Premier Manning of Alberta will open a conference next week of the contestants for pipeline rights; the provincial Petroleum & Natural Gas Conservation Board will be on hand. This is just another of many conferences. But some people half expect something just might come out of this one—if only a decision that gas is or is not available for export. Then it will be up to Ottawa to issue the licenses.

• **The Contenders**—In all, six companies are in on the fight: Alberta Natural Gas Co.; its affiliate, Northwest Natural Gas Co., a U.S. firm backed by Morgan Stanley; Pacific Northwest Pipe Line Corp.; Prairie Transmission



NATURAL GAS PIPE LINES IN THE UNITED STATES

Source: EIA

SCALE OF MILES

1950—Jan. 1, Current

Lines, Ltd., said to be backed by Kidder, Peabody; Westcoast Transmission Co., a Canadian subsidiary of Pacific Petroleum, Ltd., backed by Eastman, Dillon & Co. and by two Canadian bond dealers; and a sixth, as yet unnamed firm, headed by Lloyd R. Champion, president, Champion Savings Corp., Montreal.

These six really boil down to three known groups. Originally, Prairie Transmission filed on its own, but last week it consolidated its effort with Pacific Northwest Pipeline. So the interested parties line up as the Northwest-Alberta Natural Gas group, Prairie-Pacific, and Westcoast.

Who'll be the lucky one? For the market is a wonderful plum. It's estimated that 56-billion cu. ft. a year could be sold in the area within five years after natural gas comes in. Present sales run less than 19.5-billion cu. ft. a year.

• **Westcoast's Edge**—Westcoast has a couple of apparent advantages, from Canada's point of view. It's a Canadian company. And you might say it's already in the pipeline business; it has just about finished laying a 17-mile pipe.

Then the big mileage of Westcoast's proposed route is in Canada; U.S. service points are at the end of the line. And Canada has a strong disinclination for a route that seems to put Canadian service second.

That would be the case of the so-called American route. Pacific Northwest Pipeline would pipe gas from the Gulf Coast of Texas, some 2,100 miles away, run a branch line to bring gas from Alberta. Canadian politicians have even accused the Americans of bringing up Texas as a bludgeon to get Canadian authorities off the dime—if they didn't get busy, Texas would steal the Pacific Northwest market.

So far, only Northwest Natural Gas Co. has applied for FPC authorization. It's had its name down since February, 1948.

• **Distributors, Too**—Meanwhile, Pacific Northwest retailers, who are also manufacturers of manufactured gas, are sitting on their hands. They aren't saying much, except "Hurry up." But they got hot under the collar last May. A dozen nongas businessmen organized Trans-Northwest Gas, Inc., at Spokane, and proposed to wholesale the gas that

somebody will bring from Canada. U.S. distributors don't want to pay brokerage to anybody for Canadian gas. Temporarily, this seems to have been sidetracked, but Trans-Northwest's petition to Washington State is still pending.

All in all, it looks like quite a wait for the Pacific Northwest. But the market is too rich to ignore. And consumers feel they have a good war-emergency case: Gas would ease the terrific pressure on hydroelectric power.

III. Where Does It Come From?

These huge plans and projects bank on two things: U.S. natural gas reserves run to astronomical figures; and, apparently, new sources are outpacing consumption.

U.S. reserves total 180.4-trillion cu. ft. Net production (gross production less amount pumped back into the ground to help push out more crude oil) in 1949 was 6.2-trillion cu. ft. For what it's worth, that means proved reserves are equivalent to a 29-year supply at present rate of use. Actually, that means little. Reserves and production rates are changing constantly. And you can't take gas out of the ground the way you pour water out of a measuring cup. It's more like shoveling coal out of a bin; the less there is, the harder it is to collect.

What the experts want to know is this: Are we finding gas faster or slower than we are using it up?

• **Fast Findings**—Statistics that will show what the trend is have been compiled by American Gas Assn. only since 1946. That's not long enough for any long-term forecasts. But in this case, a little news is good news. In the four years 1946 to 1949, inclusive, the volume of natural gas discovered was nearly 2½ times the amount produced. The figures: 55.3-trillion cu. ft. of gas found; 22.7-trillion cu. ft. net production; 32.6-trillion cu. ft. added to reserves. And while these reserves were swelling, pipelines were being built and natural gas markets expanded as never before.

• **There's a Limit**—So it looks as though there's enough natural gas to meet requirements. Just the same, it's important to remember one point: Natural gas is an exhaustible resource.

At the production end, a lot has been done over the past decade or so to cut waste. State regulatory bodies, aided

by the more far-seeing oil and gas industry leaders, have eliminated needless flaring of gas in the fields, forced occasional recalcitrant producers to put unused gas back in the ground or connect up with pipelines that can deliver it to consumers (BW-Mar. 30 '46, p21). Fifteen years ago, fully 20% of gross natural gas production was lost or wasted; today that figure is cut to 13%.

• **Uneconomic**—At the distribution and consumption end, it's another story. Here the problem is less one of physical waste of a resource than uneconomic use of it. And some pipeline and utility operators don't see eye to eye with FPC on the solution.

The real trouble is that gas consumption has terrific peaks and valleys; it goes way up in winter when householders use gas for heating.

Now pipeline companies operate most efficiently if they can push a reasonably constant volume of gas through their lines. For after all, fixed charges and maintenance are about the same whether a line is running at 50% of capacity or 99%. So they try to keep load factors as stable—and as high—as possible. Their sales contracts with utilities reflect this. Any utility whose demand falls below an agreed minimum has to pay a penalty.

• **Spread the Demand**—One answer is to bolster slack summer demand for gas. The most widely used device is sale of gas to industry on so-called interruptible contracts. Buyers get their gas at a low rate, but stand to have their supply shut off whenever it is necessary because of demand from other customers.

Gas supplied on this interruptible basis usually is used for boiler fuel or in metal, vegetable, or other processing plants; when it is available (and this is a great part of the time), the gas is cheaper than coal or oil. Such users are required to have standby coal- or oil-burning equipment to which they can turn if their gas is shut off.

• **Too Valuable**—FPC doesn't like this. Within the commission, and particularly among influential staff members, there is the conviction that gas is too valuable as a premium fuel to waste for steam and power-making purposes.

In fairness to pipeline companies and gas utilities, it must be said that an increasing number within the industry share this feeling. Why sell even part of the stuff at dump rates, when there is a market for all of it at levels that don't discriminate among customers? To get around that question calls for some other solution of the load peak and valley problem. There are several possibilities:

(1) **Bigger Pipes**—Build larger pipelines. This would provide added capacity that would permit some fluctuation in load factor. An FPC report two years ago

Web of Gas Pipelines Spreads

Solid lines on the map prepared by Alec M. Crowell, natural gas consultant, are the paths followed by pipelines operating in July, 1950. Practically all of the interstate long-distance lines were built in the past two decades. Broken lines on the map indicate new pipelines coming in. They will bring natural gas to every major city in the U.S. within a few years.

pointed out that it's about 35% cheaper to transport natural gas through a 24-in. line than through a 16-in. line. Also FPC held that "unit costs are progressively less responsive to higher load factors approaching 100%."

(2) More Storage—Provide terminal storage. Then this can be filled with gas during periods of low demand, drawn upon at times of peak demand. Some companies are doing this. The now-exhausted Austin (Mich.) gas field is being used for underground storage of gas from Texas; it makes a convenient reservoir for meeting peak loads in Detroit and other Michigan cities. Texas Eastern Transmission Corp. and New York State Natural Gas Corp. plan to spend nearly \$40-million to develop similar underground storage facilities in Westmoreland County, Pa.

Another method of terminal storage is the use of liquefied natural gas. The advantage here is that in liquid state the gas occupies only 1/640 of its normal volume. Here the hazard is the difficulty. East Ohio Gas Co. put in such a system in Cleveland, but the gas exploded, killed 200 people (BW-Oct. 28'44,p21). But many experts still believe the system can be made to work.

Utilities can store gas in underground pressure vessels (BW-May 17'47,p48). These are simply cylindrical tanks into which gas is pumped at high pressure. Another method, now nearing the commercial stage, is called granular adsorbent storage. In this, gas is liquefied and placed in containers filled with a solid adsorbent material called "Methanite," prepared from fuller's earth. From this it is released as a gas. The storers can put more than 600 cu. ft. of gas into 2 cu. ft. of the granular adsorbent.

(3) More Plant—Develop standby facilities for use during peak consumption periods. There are several ways to do this. Some companies keep old manufactured-gas equipment, turn it on to bolster supply as needed. Some utilities use liquefied petroleum gas (propane and butane, which are liquids at comparatively low pressures). Several methods of converting industrial heating oils to high heating value gas have been developed; with such facilities, utilities simply store the oil in tanks, convert it to gas as needed.

IV. What Controls?

As the natural gas pipelines began spreading their steel fingers from the Southwest Gulf Coast area, the nation began to realize that it had a new form of transportation to reckon with. Natural gas became "affected with public interest." So, in 1938, Congress passed the Natural Gas Act; this gave jurisdiction over interstate commerce in natural gas to the Federal Power Commission.

But all the experience FPC had had

in regulating electric utilities, all the knowledge accumulated in governmental regulation of railroads and waterways, didn't help much when it came to regulating interstate gas pipelines. The legal problems are unique; they called for a brand-new set of rules. That is because of the unique nature of gas itself and the way it is handled.

• **Which Is Which?**—Natural gas flows in a direct stream from underground reservoirs through pipelines to the consumer's burner tips. How can you say at what point of this invisible, indivisible stream state jurisdiction stops and federal jurisdiction begins?

Just where is the line between intrastate production and gathering and interstate transportation at one end of the pipeline? Similarly, where does intrastate distribution start at the other end?

Ever since the Natural Gas Act was passed, the Federal Power Commission has been testing both limits of its jurisdiction. Two important U.S. Supreme Court decisions indicate where FPC stands now—at both ends.

• The East Ohio Gas case opened new vistas of authority for FPC at the consumer end of the pipelines: and . . .

• The Interstate rate case gave FPC control, to some degree, over the price of gas as it comes from the well.

• **The Consumer End**—In January of this year, the Supreme Court upheld FPC's contention that East Ohio Gas Co. was subject to at least some federal regulation. At first look, East Ohio's business is wholly intrastate. It owns and operates a natural-gas business solely inside Ohio, serves some 500,000 customers through a local distribution system. But it gets its gas from interstate pipelines, which connect with its own high-pressure lines inside the state. Then it carries the high-pressure gas to local distribution points; there it cuts down the pressure to levels for local use.

The question was, did interstate commerce end at the point where East Ohio took over ownership of the gas and became responsible for its distribution? If so, East Ohio would look to be in the clear. The Supreme Court said no. Interstate commerce ends, it held in effect, at the point where pressure is reduced. So East Ohio had to adopt the accounting system prescribed by FPC—and pay an estimated \$1.5-million to \$2-million for the changeover.

This decision raised another big question. In the case of such a utility as East Ohio, who's the boss—FPC or the Ohio Public Utilities Commission? If it came to a showdown, FPC would probably come out on top.

• **In The Field**—At the producer's end, the situation is even stormier. In the famous case of Interstate Natural Gas Co., the Supreme Court apparently opened the door to FPC control right

up to the wellhead, if the gas is headed for interstate pipelines. This was the case in which, in 1947, the court upheld FPC's right to order rate reductions on the gas Interstate sold to pipeline companies.

The ruling didn't give FPC a free hand on the wellhead price of all gas headed for interstate lines—Interstate sold the stuff after it had been produced and gathered. But it still stands as a milestone. For it was the first time FPC authority had been extended to gas sold at arm's length by a producer at the well or after gathering.

• **Alarmed, Calmed**—Independent producers reared up at this decision. They feared it paved the way for regulation of wellhead price of all gas going to interstate pipelines. To calm them, FPC adopted its famous Order No. 139. This stated that FPC would not construe its authority as covering "arm's-length sales of natural gas, by independent producers and gatherers, made during the course or upon completion of production and gathering."

But the producers weren't satisfied. They fought for specific exemption via the Kerr bill, an amendment to the Natural Gas Act. Congress passed the bill early this year. From states into which natural gas is imported for consumption came cries of protest. They argued that the amendment carried the threat of higher gas prices, if FPC couldn't regulate rates right back to wellhead. So President Truman vetoed the bill.

As a logical consequence, FPC last July rescinded Order No. 139 as "inconsistent with the requirements of the Natural Gas Act." And it served notice that "where the sales of individual producers or gatherers have a material effect on interstate commerce and the rates therefore appear excessive, appropriate investigations will be undertaken."

• **Test Case**—The outcome should become clear before long. For on Oct. 11, FPC is scheduled to launch a probe to determine whether Phillips Petroleum Co.'s natural-gas business is subject to the Natural Gas Act.

This case is a milestone, too. Phillips is the first concern of its kind to be haled before FPC. Phillips is primarily an oil producer, refiner, and marketer. It is not a pipeline company hauling gas long distances interstate.

But Phillips is a major producer of natural gas; its reserves are the largest of any company in the nation (BW-Dec. 31'49,p22). It sells gas to a number of major pipelines. And in the process, it buys some gas for others; moreover, some of its gathering lines do cross state boundaries.

If FPC decides that Phillips is "a natural gas company within the meaning of the Natural Gas Act"—as seems

Who's Who In the Pipeline Business

United Gas Pipeline Co. is by all measurements the biggest—most revenues, most miles of pipeline, greatest capacity. But its system and service are concentrated in the Southwest-Louisiana areas. In July, it filed application with Federal Power Commission for authority to build 1,005 additional miles of line costing \$111-million.

Texas Eastern Transmission Corp. is No. 2 on basis of 1949 operating revenues, sixth in miles of pipeline. It's the postwar purchaser of the Big Inch and Little Inch pipelines built by the federal government to transport crude oil and products in wartime. It has asked FPC authority to expand its system by building 791 miles of 30-inch line.

Tennessee Gas Transmission Co. is No. 3 in the business measured

by the yardstick of 1949 revenues. Its 2,987 miles of line make it seventh in system mileage. It wants to build 1,165 more miles from Texas to New England.

Panhandle Eastern Pipe Line Co. is in the No. 4 spot for revenues and No. 3 for mileage. Its transmission mains run from the Hugoton and Panhandle fields to Michigan. A recently acquired subsidiary, Trunkline Gas Supply Co., will build a 740-mile line from Louisiana to Illinois.

Cities Service Gas Co. ranked fifth in operating revenues last year. But it was second only to United in pipeline miles. Gas is piped from the Hugoton, Panhandle, and Cement fields as far as Missouri and Nebraska now. This subsidiary of Cities Service Co. has no major expansion pending.

likely in view of its present trend of thinking—the prices it charges for the gas it sells would be regulated.

• **Strings on Returns**—And what is wrong with that? Plenty, say oil and gas producers. Finding and producing gas is a risk business. Companies spend a lot of time and money on dry holes that never bring a dime of return. So when a man finds gas, he wants to be able to sell it in a competitive market—he doesn't want a government agency limiting him to no more than 6% on the depreciated cost of his gas-producing properties, as FPC has been limiting utilities under its authority.

In its rate-regulating functions, FPC has abandoned the old criterion of "fair value," substituted "a prudent investment doctrine." Under this doctrine, FPC can set a rate that yields the utility only enough return to allow it to stay in business.

• **Pipeline Worries**—Application of this doctrine to the gas-producing properties of interstate pipelines has yielded some curious results. One pipeline is getting the equivalent of only 4¢ per mcf. for the gas it takes from its wells. Another has a 50,000-acre lease that wasn't considered in figuring the rate base—so the gas from that lease in effect is valued at nothing for rate-making purposes. What kind of incentive is that, producers ask, for risking capital to find new reserves?

Oil producers are worried on another count. There is a very delicate relationship between the prices obtained for the products of an oil well—gasoline, heating oil, heavy fuel oil, natural gas. How could any federal agency fix the

price of one—gas, say—without controlling them all?

• **Withholding**—All this very real fear has produced one tangible and ominous development: Big oil companies are known to be withholding large reserves of gas from the market. And they intend to "sit" on those reserves until the uncertainty over regulation is clarified.

• **Utilities Speak**—Gas-distributing utilities are on the other side of the fence. The price they pay for gas depends in part on what their supplier pipeline pays for it. These prices have been rising; escalator clauses in producer-pipeline contracts point to further increases.

Caught between higher gas costs and the reluctance of state utility commissions to grant higher consumer rates, these local utilities would like to see regulation extended to the wellhead.

• **Conflict Again**—At the wellhead, too, there's the specter of a conflict between state and federal regulatory bodies. In two states, Oklahoma and Kansas, utility commissions have fixed minimum wellhead prices for gas. It isn't hard to picture the difficulties that could arise between a state commission seeking to put a floor under gas prices and a federal commission seeking to place a ceiling on them. The Oklahoma order has been appealed to the U.S. Supreme Court; not until that decision is rendered—and maybe not even then—will this matter be resolved.

V. Finance

"The investing public has gone crazy over gas pipelines. They're spectacular; they're romantic; yet they are a durable,

sound investment." That's the way one gas-industry financial expert summarizes what's happening in the investing field.

Last year, gas utilities (holding and operating companies) issued nearly \$1.5-billion in securities. Common and preferred stock issues ran a little over \$200-million apiece; debt issues, chiefly bonds, comprised the rest.

• **A Lot of Money**—Revenues of these utilities hit a whopping \$1.7-billion last year. This is a rise of 47% since the end of the war, nearly double what it was a decade ago. The American Gas Assn. has just released some new figures: Total revenues from sales of gas by utilities were \$466-million for the last quarter—up 18.5% over the like 1949 quarter.

Industrywide figures on earnings are hard to come by. But FPC does compile information on natural gas companies under its jurisdiction.

For the 12 months ended April, 1950, natural-gas companies reporting to FPC sold 4.6-trillion cu. ft. of gas, 13.1% more than in the preceding 12 months. They had revenues of \$1,052,500,000, up 14.4%, and net income of \$146.3-million, up 10.5%.

• **Natural Gas Figures**—But these statistics, rosy as they are, tell only part of the story. Here's what AGA reports on straight natural-gas operating utilities:

• Since 1937, net income of this type of utility (remember, natural gas dominates the whole gas utility business today) has ranged between 13% and 16.6% of total operating revenues.

• Common stock dividends (data on which are available only since 1945) have ranged between 8.5% and 9.9% of operating revenues; last year they amounted to 9.1% of the \$1,205,000,000 these companies took in.

• **Why They Buy**—Financial men have a ready explanation as to why pipeline companies, in particular, offer such an attractive investment. It's not just that people everywhere are crying for more and more of this fuel.

Before a pipeline company lays a single section of pipe, it has to be assured of two things: (1) a guaranteed source of supply for gas, and (2) a guaranteed market for the gas it transports. FPC won't approve a new pipeline until the pipeline company can produce firm contracts covering all the gas it needs for the next 15 or 20 years.

• **Debt's the Thing**—Contracts between transporting companies (the pipelines) and distributing utilities that sell the gas to consumers place the pipeline firms' charges ahead of all other fixed obligations; such charges are straight operating expenses. This means that the pipelines' fixed debt is in effect guaranteed by its customers. So it isn't hard to see why pipeline bonds, debentures, preferred stock find a ready

market among insurance companies, banks, and private investors.

As a result, a major part of many pipeline companies' capital structure is represented by long-term debt. Back in 1939, long-term debt amounted to 37% of total capitalization and surplus; by the end of 1948, this ratio had climbed to nearly 50%. Recent pipeline projects have carried this trend even further: Capitalization of Tennessee Gas Transmission contains over 65% debt, El Paso Natural Gas and Transcontinental Gas Pipe Line each top 70%, Texas Eastern's amounts to 80%.

• **Objection**—Now FPC doesn't like this. Its objections: A very small investment in voting stock can control a very large corporate enterprise. The common-stock holder may earn a lot—but he can also lose his shirt in hard times. Moreover, investment houses can acquire large blocks of voting stock, with a resultant danger of "excessive commissions and an unnecessarily high cost of money to the borrower."

Investment men deny such possibilities. They contend FPC is seeing bogies.

Investment men add that if FPC is so anxious to get more venture capital into pipelines, it might remember that high taxes are the villains that are drying up this source.

• **FPC Acts**—Just how strongly FPC feels on this is indicated by two events:

(1) In July, it approved an application of El Paso Natural Gas for permission to build facilities that will permit El Paso to deliver 150-million cu. ft. per day more gas to California utilities. But FPC refused to go along with El Paso's proposed financing plan. It found that the company's capital structure, after the approved expansion, would include only 10.67% of common stock. This is "unreasonable," FPC held. So it ordered El Paso to submit a new financing plan—one that would limit the company's long-term debt to not more than 75% of total capitalization, increase its common equity to 15%.

(2) FPC has asked Congress to amend the Natural Gas Act. It wants full authority over securities issued by interstate natural gas pipelines—the sort of authority FPC now has over electric utilities' securities. Pipeline companies are not regulated by SEC, except where they happen to be holding companies or holding company subsidiaries.

VI. Competition—and the Future

It goes without saying that gas is giving its two major competitors, oil and coal, plenty of cause for worry. The Bituminous Coal Institute told the story graphically in a recent compilation. It disregarded fields where the various fuels don't compete—such as gasoline, diesel oil used in trucks and

tractors, gas consumed in making carbon black. And it found that from 1926 to 1949:

- Coal's contribution to total fuel and power consumption dropped from 78.6% to 49.7%.

- Oil's share of consumption increased from 11% to 22%.

- Natural gas's share climbed from 6.2% to 21.9%.

Hydroelectric power supplied the rest.

In other words, in competitive markets, use of coal has dropped 37%, use of oil has doubled, but use of gas has gone up more than three and one-half times.

• **Tougher Yet**—This competition is getting tougher. That's shown in a survey made by A. J. McIntosh, economist for Socony-Vacuum Oil Co. (BW—Apr. 1 '50, p21). He predicted that new natural-gas pipelines will add nearly 1.1-trillion cu. ft. annually to delivered supplies by the end of 1953. That's a 20% increase over the 1949 level. And it is the equivalent of 189-million bbl. of oil, 43.3-million tons of coal.

Working from these estimates, McIntosh predicted that by 1953 natural gas will displace 96.4-million bbl. of fuel oil (11.6% of 1949 consumption); the rest will displace coal. On a heating value basis, that's equivalent to 21.2-million tons of coal, or 5.2% of 1948 coal consumption—not counting coal used for railroad fuel.

What this means as far as fuel oil is concerned is that natural gas in the next three years may wipe out practically all the expected increase in consumer demand for kerosene and light and heavy heating oils.

• **Price Edge**—The key to the fuel puzzle is price. On the record, gas has an edge at the start of this competitive race. Two groups of comparative figures point this up:

(1) The Bureau of Labor Statistics says today's retail price of gas is only 3.9% higher than it was in 1935-39. In contrast, bituminous coal prices in the same period have risen 109%, anthracite coal prices 89%, and fuel oil prices 83% (chart, page 77).

REPRINTS AVAILABLE

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(2) A similar BLS study of wholesale prices shows these increases from 1940 to March, 1950—gas, 7.7%; bituminous coal, 103%; petroleum and products, 117%.

On the other hand, it costs about twice as much to build a pipeline as it did before World War II; gas prices must reflect that rise. Also, the field price of natural gas is going up; it was 6¢ per thousand cu. ft. in 1947, and 6.5¢ per mcf. in 1948 (latest estimate of Bureau of Mines). Labor costs, coal and coke costs of utilities which manufacture gas, materials costs all are higher.

One other cost factor is vital to utilities now distributing manufactured gas—and this applies to most of the eastern area. Because natural gas has twice the heating value of manufactured gas, a changeover doubles the capacity of a utility's distribution system. One thousand cu. ft. of natural gas takes up no more room in a gas main than does a thousand cu. ft. of manufactured gas—but it delivers twice as much heat. Even converting from manufactured to mixed gas raises the effective capacity of a utility's distribution lines by 50%.

• **Other Uses**—What about other uses for natural gas? Gas is a valuable chemical raw material, but the quantities used in turning out such things as ammonium nitrate fertilizer and other ammonia chemicals is microscopic in comparison with amounts used as fuel.

Synthetic petroleum products—gasoline, fuel oil, a whole range of by-product chemicals—can be made from natural gas. One plant at Brownsville, Texas, is doing just this (BW—Jan. 21 '50, p22). But technical men generally feel that natural gas is too valuable a fuel in its own right to warrant any major conversion to petroleum products—particularly since gas loses half its heating value in the process.

So the gas industry banks on fuel as its major revenue producer. Its leaders talk confidently of a net production of 8-trillion cu. ft. daily within two years, against 1949 net production of 6.4-trillion cu. ft.

• **Defense Trouble?**—The pipelines companies aren't worried that increased defense activities will hurt their expansion plans materially. It's true that pipelines use big tonnages of steel; but during World War II, gas pipeline projects carried top civilian priorities for steel. The pipeliners figure they can make just as good a case for the lines they now have under way or in the planning stage.

Some time after 1952 or 1953, the big growth of gas pipelines probably will slow down. Most markets will be served by then. What happens after that will depend mainly on how our economy grows. The two other questions are federal regulation—and how fast new gas reserves come in.



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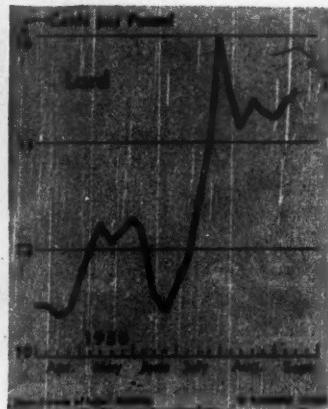
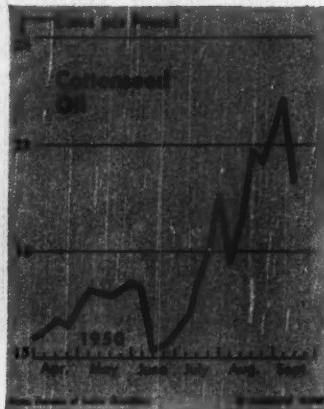
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COMMODITIES



Fats and Oils Ride High

Prices have shot upward since Korea. And they probably will stay high, although drastic reduction in exports might bring a drop. Supplies of most types are ample.

Fats and oils prices have shot through the roof since the Korean crisis began. And it looks as though they will stay high from now on—except for a small seasonal drop this fall.

There probably won't be any real shortages, though. Overall supplies are ample, although cottonseed oil and a few imported types are likely to become scarce.

Prices started edging up last spring, then dropped back. The big jump came after the Communist thrust in Korea. From the June lows to mid-September, cottonseed oil prices went up about 30%, lard nearly 40%, tallow around 17%.

The war scare—coming on top of the general business boom—accounts for most of the price jump. But the short cotton crop—which threatens a big drop in cottonseed oil supply—gave the market an extra boost.

• **Maybe**—There's one big if in the continuing high price picture. Since the war, the U. S. has ceased to be a deficit producer; large exports have been helping to keep the prices up. These exports are certain to drop, but nobody knows how much. ECA shipments have made up a good-sized chunk of the exports, and ECA money is scheduled to be cut sharply. Germany has also been getting heavy supplies—especially of soybean oil and lard—as part of our program of supporting a conquered country.

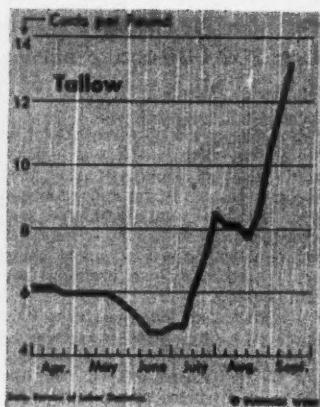
If a drastic cut in shipments to Ger-

many were added to the ECA cuts, it would throw a lot of extra supply on the domestic market. The Agriculture Dept. seems to think that this surplus would not bring price cuts. It figures that the general rise in end-product prices would support the price of the materials. Other experts maintain that a heavy cut in exports would knock prices back to pre-Korea levels at least temporarily.

• **Cottonseed**—In the edible oils field, everybody is happy except the cottonseed people. The small cotton crop means that there will be a drop of 25% to 35% in cottonseed oil production. And because of cottonseed oil's importance, that means a general firmness in the markets. The producers of oils that can be used as substitutes will benefit indirectly.

Soybean oil producers are likely to be the biggest gainers. They hope to make a substantial stride in their march to win equal rating with the big three of the edible oils field—butter, cottonseed oil, and lard. Soybean crops have soared in 15 years from 30-million bu. to well over 200-million bu., and they are still rising.

• **Acreage Curbs**—Limiting of cotton and corn acreage has given soybeans an added boost; for the busy little beans can be planted as an alternate crop for either cotton or corn. Production of the oil is expected to hit over 2.1-billion lb. next year. That may mean a weakening of the price when the season reaches



its peak during October and November.

The plentiful supply of soybean oil plus attractive competitive prices will mean that increasing numbers of margarine and mayonnaise makers, as well as other cottonseed users, will shift to soybean.

- **Bakeries**—Lard producers are another group that views the shortage of cottonseed expectantly. Although the price of lard has jumped 40% since Korea, it is still much cheaper than cottonseed oil. Even with the price differential, lard can't cut very heavily into the household market (shortening). But commercial bakeries—a tremendous user—can shift at will between cottonseed and lard. Generally they swing to whichever is cheaper. That means that lard is likely to get a big play now.

Lard is in a strong position to meet rising demand. Greatly increased production is in sight for the next few months, with a total output of 2.8-billion lb. estimated for 1951. And business is already very good, with exports running 13% ahead of last year.

- **Peanut Oil**—Of the other edible oils, peanut oil is moving into the zone of rising prices. Its price traditionally stays 2¢ ahead of cottonseed, and a smaller crop is in sight for next year, due to production curbs.

- **Inedibles**—No immediate shortages are in sight in the inedible oils. The U.S. crop of flax—from which linseed is made—will be smaller. But there is a heavy carryover of linseed, plenty to insure adequate supplies. Prices are firm now, but may soften a bit later in the fall.

Prices of tallow, like those of lard, have jumped spectacularly since Korea—from 5¢ a pound right up to 14¢. One reason is the fear that the solvents used in synthetic detergents will become scarce and thus increase the need for soap fats. Hitherto, tallow prices have

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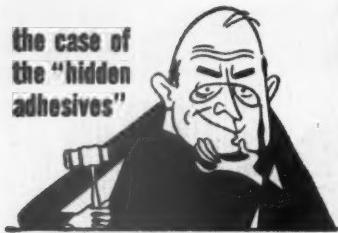
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been depressed by the swift growth of the detergents industry.

• **Safflower**—Safflower oil—until recently just a queer word except to the trade—is rapidly becoming a U.S. product. Output for this year is estimated at 30-million lb., compared with 1949's 8-million lb. Safflower is widely used as a drying oil for paints, has the advantage of keeping white paint from yellowing.

In India, where safflower production began, the oil is used for food as well as for soap. For that matter, linseed, which is classed as inedible in the U.S., is regarded as food in some parts of the world.

• **Import Field**—Things are rather spotty among the imported oils. Castor oil is in very tight supply, with major firms either allocating sales, or not taking any future orders at all. The price of the beans has gone up over 75% in the past six weeks.

There is strong demand both here and abroad for copra and its derivative, coconut oil, but supplies are ample. The Philippines have been channeling more than 71% of all their exports to the U.S. Prices have been churning around in the last few weeks, are still approximately \$45 a ton above pre-Korea levels.

Newsprint Co-op

To stall off newsprint and kraft shortage, publishers plan own 200,000-ton plant at Naheola, Ala.

Newspapers can do without a lot of things, but they have to have newsprint. Some of them are afraid they may not be able to get enough before long. Newspapers are growing like two-months pups; so is the clamor for packaging material. That could put a deadly squeeze on both newsprint and kraft supplies.

It's true that the Newspaper Publishers Assn. says there's no newsprint shortage and no prospect of one. But not all publishers feel so sure—the Louisville Courier-Journal, one of the South's largest dailies, for one. It recently decided to put out a Saturday and Sunday edition without any display advertising.

• **Make It Yourself**—To get ahead of trouble, a group of midwestern publishers have decided to go into the newsprint business themselves, along the lines of the Coosa Pines (Ala.)



Wool Rides Up on a Babel of Bids

You can blame these frantic gentlemen if the cost of next year's woolen suit puts a crimp in your wallet. They're wool buyers, competing for Australia's 1950-1951 clip at the Wool Exchange, Sydney, New South Wales. Thanks to Korea, the auctions are even more of a knock-down-drag-out affair than usual. In the picture, Mr. McGregor, buyer for U.S. and British firms, tries to

outdo M. Dewavrin, representing French and British interests. A colleague in the second row is trying to outbid them both. The auctioneer sorts out the highest bid from the babel—and another lot of wool goes at a record price (BW—Sep. 23 '50, p3). Wool trade men estimate this year's clip will bring \$1,195,000,000—double the record value of the 1949-1950 clip.

co-op that started operation last December (BW-Apr. 15 '50, p76). Some 200 of them have formed a publisher-owned cooperative, Choctaw Pulp & Paper Co. Paul D. Hammacher of Butler, Ala., and Washington, D. C., is president. Headquarters will be at Butler.

The company is figuring in terms of 100,000 tons of newsprint and 100,000 tons of kraft board a year. Profits will go back into the plant.

• **The Old Plantation**—The plan is to put up a \$40-million newsprint plant on an old plantation at Naheola, Ala. The plantation is on the Tombigbee River, so water is no problem. Power will come from a nearby line of Alabama Power Co.

Three railroads will provide the transportation: Illinois Central; Gulf, Mobile & Ohio; and Louisville & Nashville.

Supplies are pretty well lined up. Large timberland owners have pledged 821,000 acres of timberlands around Choctaw; a good part of this is already under contract. This acreage is expected to yield 300,000 cords of southern pine and hardwoods a year—enough, the company thinks, for its needs.

The market is partly sewed up, too. The member publishers will take care of the newsprint; midwestern manufacturers have contracted for half the kraft board output, and negotiations for the rest of it are nearly completed.

J. A. Utley Co., the Detroit firm that built the Willow Run bombing plant, will start building late this fall. Hammacher says the plant will be in operation by September, 1952—barring unforeseen emergencies.

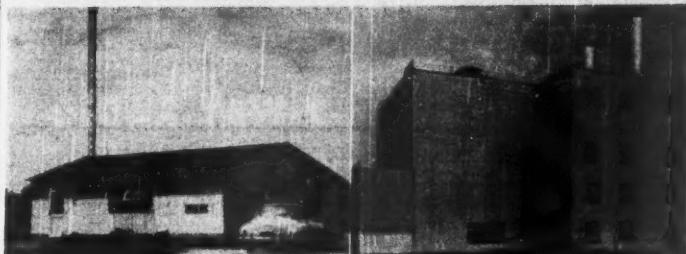
• **Who's In It**—Besides Hammacher, James Skewes, publisher of the Meridian (Miss.) Star, is a moving spirit in the venture. Hammacher says most of the papers interested have a circulation of about 50,000, though some larger ones have shown an interest.

Starting money—about \$1-million—is coming from a group of local and out-of-town businessmen; they will back out of the picture as soon as they get their investment back, and the co-op will take over.

Choctaw Pulp & Paper took heart from earlier tries at publishers' co-ops. Clarence Hanson, publisher of The Birmingham News, says Coosa Pines Newsprint Co. has been "in the black" since the third month of operation. "Making newsprint from southern pine is no longer an experiment," he adds. Southland Mills, another co-op at Lufkin, Tex., has done it for 10 years.

Not all publishers are sure a cooperative is the answer. One prominent southern publisher says he doesn't question the need for more newsprint in the South. But he feels the best way to get it is to enlarge present plants.

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Lumber Scramble

Even the Army can't find all it wants to buy. Prices are shooting up, especially for hard-pressed commercial purchasers.

Most businessmen are just beginning to feel the effects of the Korean crisis. But in one industry—lumber—the full force of the government's new orders has already hit the market. Lumber supply was short even before Korea; now the shortage is critical. The Army wants seven times as much lumber today as it did before the shooting started.

At two big auctions—one at Atlanta, Ga., two weeks ago, the other at Portland, Ore., last week—Army engineers bought 130-million bd. ft. Even this fell 35-million short of what they wanted.

• **War Material**—The Army engineers were buying for all four services—Army, Navy, Marines, and Air Corps. Most people don't think of wood as a war material, but it is always one of the first to feel the pinch. This is particularly true in an emergency like the present one, where supplies must be shipped all over the world. Military purchases of southern pine, for example, through July of this year were double the figures for all 1949—and the end is not yet in sight.

• **Prices Soar**—Prices at the two auctions were way up. Between June, 1949, and June, 1950, southern pine went up \$10 to \$12 a thousand (about 11%). By the time of the Atlanta auction, prices had gone up \$20 to \$25 more. It was the same story at Portland, though to a lesser extent. The Army buyers noted that they were paying 5% more than they had a few weeks before. And prices are still climbing.

But if the Army was unhappy about prices, commercial buyers were ready to burst into tears. The Army got its wood at about 10% below the price paid by the commercial market.

• **Reasons**—Army engineers thought of two possible reasons for this. The first was simply patriotism on the part of the lumbermen; the second was the fear of government controls. During the past few months, builders have been getting wood wherever they could find it. Prices are soaring, and the gray market is doing a thinning business. Lumbermen fear that if they make the Army pay too much for its wood, the government will step in and put a lid on prices.

It's possible also that the auctions hit the market at a time when prices were ready to back down a trifle. In the Northwest, lumbermen think things have been easier since the auction.

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MANAGEMENT



1 Three key men at Hotpoint, J. F. McCarthy, comptroller of general accounts, Joseph Houdek, president of Hotpoint's Foremen's Club, and W. R. McDowell, manager of the range division, in the uniform that they wore during three-day stay at "Camp Hotpoint."



2 Sports such as this tug-o'-war were a heavy part of the program. The 300 campers split into four teams for competition. McCarthy (right, facing camera) captained one.

"Key Men" Go to Camp

When James J. Nance took over as top man at Hotpoint, Inc., four years ago, he wanted to do two things quickly: (1) get to know the management people and learn who were the dependable men; (2) get his subordinates acquainted with him, his ideas of

management, and his plans for the company's progress.

• **Annual Institution**—To speed the get-acquainted process, Nance set up a three-day camp at a lake resort, where the men could combine work with fun. Some 90 men, from plant foremen up



3 President Nance opens business session with announcement that sales are running 40% over 1949.

to company top brass, attended the first session of "Camp Hotpoint."

This year's session of Camp Hotpoint was held over the weekend of Sept. 8-10 at Brown's Lake, outside Burlington, Wis. The 1950 group of "key men" numbered 300. Everyone from President Nance on down wore identical sun helmets, T-shirts, and sports jackets, issued by Hotpoint.

• **Play and Work**—The camp opened with an evening session of fun—cards, "gambling casino," bull session. Each man was assigned to one of four teams for subsequent sports events.

The work session the following day lasted nine solid hours, with time out only for buffet lunch. Nance started things by talking for better than an hour, giving detailed figures on sales, earnings, production—by departments and by the company as a whole. Nance announced that he expects Hotpoint's 1950 dollar sales to be nearly 40% greater than in 1949 and nearly four times as great as in 1946. Hotpoint made three appliance lines in 1946, now makes nine—and next year it will start manufacturing its own refrigerators instead of buying from General Electric.

• **Departments Report**—Following President Nance and the executive staff came reports by departments: accounting, materials procurement, engineering, manufacturing, industrial relations, commercial equipment, marketing.

(TURN TO PAGE 92)



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a business deal

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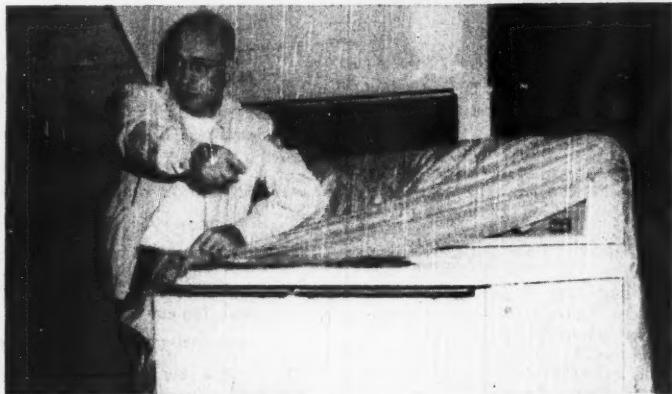
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PICNIC (Continued from page 91)



4 Indoor sports were the center of attention in the evening. Hotpoint's "gambling casino" operated with stage money provided by the company.



5 1951 model electric range was unveiled by McDowell as part of engineering department presentation during all-morning business session on Saturday.



6 Trophy fashioned entirely of parts from a Hotpoint electric range is awarded by Nance to McCarthy, captain of the winning team, during windup dinner on Sunday.

READERS REPORT

Trucks and Roads

Sirs:

Your Transportation feature, "Highways in a Mess: No Answer in Sight," [BW—Sep. 16 '50, p90] is a most interesting and timely analysis of one of our most important domestic problems. One has but to drive on any one of our main roads to realize that highway transportation is a major factor in our over-all economy of manufacturing and distribution.

If proof were needed of "the crazy-quilt truck regulations in the various states," it is amply furnished by the fact that even BUSINESS WEEK was unable to summarize them correctly.

To the 12 states allowing an excess of the American Assn. of State Highway Officials' 18,000 axle weight should be added Wisconsin with a 19,000-pound axle weight and New Jersey, which has no axle load limit now but a per-inch-of-tire width-limit which permits over 30,000 pounds on maximum-size tires. Recently enacted legislation reduces this to 22,400 pounds, effective Jan. 1, 1951, with certain "grandfather" rights. Incidentally, the Nation's Capitol allows 22,000 lb. per axle.

By the same token, not four states, but only one, Virginia, limits axle weights to less than 18,000 lb. And even the Old Dominion recognizes that trucks must roll and permits 18,000 per axle on a large mileage of main highways. West Virginia, shown as limiting loads to 16,000 lb., allows 18,000 to 22,000, depending upon the locality. Illinois and Washington allow the conventional 18,000.

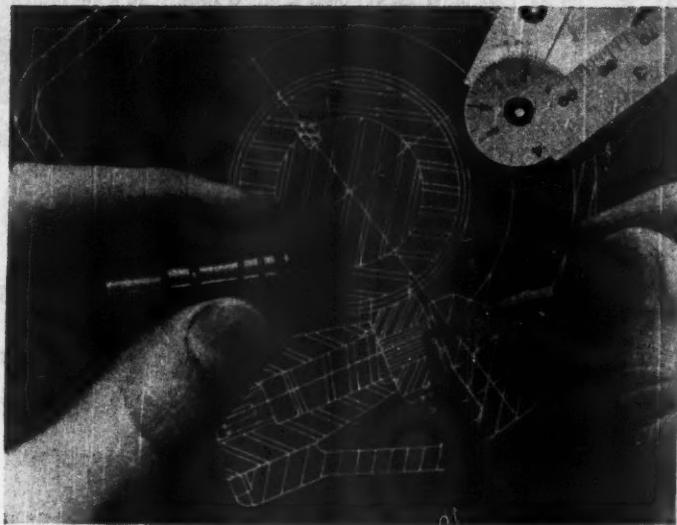
The great majority of the reported overloading consists of minor technical violations. Frequently, the total is well below the legal maximum, but some one axle is overloaded.

It is an art to load a space 7' x 7'6" by 31'6" with a mixed cargo of everything from sash weights to breakfast cereal and have the box fully loaded, the weight evenly distributed so that there is a full legal weight on each axle, and yet not a pound over.

On one other point your account differs from the views of the engineers of the Bureau of Public Roads. You say: "They believe a speeding truck, carrying only the legal limit, does as much harm as a slower moving one with an overload." Actually, Bureau of Public Roads' officials have been unable to find this to be true.

JOHN B. HULSE

MANAGING DIRECTOR,
TRUCK-TRAILER MANUFACTURERS ASSN.,
INC.,
WASHINGTON, D. C.



NYLON SPEEDOMETER GEAR ON '50 FORD REGISTERS 50% CUT IN PRODUCTION COSTS

Injection-molded to exacting tolerances in a single operation

A five-step operation was formerly required to produce this gear to drive the Ford speedometer cable. Now, in a single operation, Ford injection-molds nylon gears, complete with tooth identification, directly on the shaft. It is estimated that use of Du Pont nylon has reduced the man-hours needed to produce this gear to one-half the former figure—a 50% saving in over-all production cost!

Nylon gears perform better, too.



Nylon door-lock wedge on 1950 Ford. Provides superior abrasion-resistance, high resistance to repeated impact of door slamming. Costs less than materials previously used. (Nylon part molded by Standard Products Co., St. Clair, Mich.)

Ford finds that closer tolerances can be held more economically. Tolerances for the nylon gear are $\pm 0.001"$ for pitch diameter, and $\pm 0.002"$ for O.D. Too, nylon has superior wear- and abrasion-resistance. Rugged tests equivalent to 100,000 miles of operation at 80 m.p.h. proved nylon's ability to stand up without visible wear.

Nylon's outstanding advantages are saving money and improving performance in a wide variety of industrial and commercial applications. Its properties may well help you, too. For free literature on nylon and other Du Pont plastics, write today. E. I. du Pont de Nemours & Co. (Inc.), Polychemicals Department, Plastics Sales Offices: 350 Fifth Avenue, New York 1, N. Y.; 7 S. Dearborn Street, Chicago 3, Ill.; 845 E. 60th Street, Los Angeles, Calif.



REGIONAL REPORT



Federal Reserve District	August 1950	July 1950	August 1949	Federal Reserve District	August 1950	July 1950	August 1949
1. San Francisco	272.7	276.0	277.9	6. Minneapolis	225.9	227.4	224.1
2. Denver	276.7	216.5	197.3	7. Kansas City	225.1	227.4	226.6
3. Kansas City	283.2	216.3	197.4	10. Atlanta	225.1	227.1	227.7
4. St. Louis	250.3	216.3	200.0	11. Dallas	225.9	210.4	226.4
5. Chicago	259.1	216.4	210.0	12. New Orleans	225.1	227.4	225.1
6. Minneapolis	225.6	216.3	225.9	13. Miami	225.1	227.9	225.1
7. Detroit	225.9	216.3	211.4	14. Boston	225.1	227.9	216.1
8. Cleveland	225.6	216.3	225.9	15. Providence	225.1	227.9	216.1
9. Pittsburgh	225.1	216.3	211.4	16. Newark	225.1	227.9	216.1
10. Atlanta	225.1	216.3	211.4	17. Hartford	225.1	227.9	216.1
11. Dallas	225.9	216.3	211.4	18. Worcester	225.1	227.9	216.1
12. New Orleans	225.1	216.3	211.4	19. Providence	225.1	227.9	216.1
13. Miami	225.1	216.3	211.4	20. Trenton	225.1	227.9	216.1
14. Boston	225.1	216.3	211.4	21. New Haven	225.1	227.9	216.1
15. Providence	225.1	216.3	211.4	22. Hartford	225.1	227.9	216.1
16. Newark	225.1	216.3	211.4	23. Worcester	225.1	227.9	216.1
17. Hartford	225.1	216.3	211.4	24. Providence	225.1	227.9	216.1
18. Worcester	225.1	216.3	211.4	U.S. Composite	225.1	227.9	216.1
19. Providence	225.1	216.3	211.4				
20. Trenton	225.1	216.3	211.4				
21. New Haven	225.1	216.3	211.4				
22. Hartford	225.1	216.3	211.4				
23. Worcester	225.1	216.3	211.4				
24. Providence	225.1	216.3	211.4				

Farmers, Workers, Industry—All Richer

Nearly everything keeps going up nearly everywhere.

Employment and payrolls are the shining example. Back at the beginning of the year, 43 labor markets were classified "E" (unemployment 12% or more) by the Labor Dept. At the end of July (latest figures available), there were only 14. In January there was only one "A" area (unemployment 3% or less). In July there were 19.

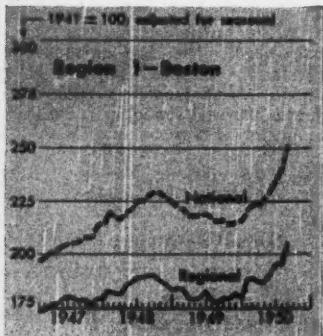
Farm income, too, is looking up. Early in the year, the prediction was that farmers would take in about 10% less this year than last. First-half receipts actually were down 9%. But the latest estimate is that the second half will be 7% above 1949—which will bring the year as a whole to within 2% of last year. Primary reason for this is sharply higher farm prices; crops by and large aren't any bigger than the

Agriculture Dept. figured they'd be.

As a result of these factors, income continues to rise in all regions. Largest gains from July to August were in the New York and St. Louis regions; smallest was in Dallas. But Dallas continues to lead in percentage gain over a year ago, followed by the two heavy-industry regions, Chicago and Cleveland.

Here, BUSINESS WEEK discusses in some detail developments in four Fed-

eral Reserve districts which are especially significant this month. In future, this more penetrating approach to regional income analysis will mean that each region, ordinarily, will be discussed four times a year.



Few big war orders have come through yet, but New England's industries are booming with civilian business. As a result, manpower has changed from easy to tight in just three months—unemployment was cut in half between June 1 and Sept. 1.

Last March there were 11 areas in New England where unemployment was 12% or more of the labor force. By May the list had dropped to six. At the end of July there were only two—Providence and Lawrence. And these two are doubtless well off the list by now.

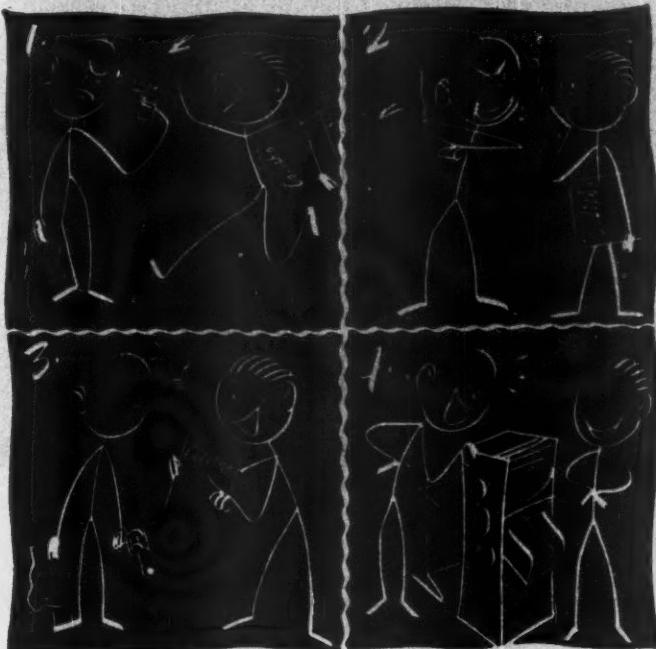
Providence normally shows a drop in employment during the summer months. But this summer there was a substantial contraseasonal rise, sparked by the jewelry industry; machine tools, foundries, and other durable goods have also shown marked gains.

The improvement in Lawrence has been more sudden. As late as July, the Bureau of Labor Statistics reported unemployment still rising. But the turnaround since then has been dramatic; some city officials anticipate an actual labor shortage within a month.

Shortages in some skilled trades have already appeared throughout the region. Most in demand are machinists, machine operators, and toolmakers. One reason for this is labor recruiting by firms outside the area, including at least two West Coast aircraft plants. Maine reports a shortage of skilled woodsmen. Connecticut farmers can't get enough men to pick potatoes and tobacco.

Materials shortages are getting serious, too. Steel, aluminum, zinc, copper, and cement are the most troublesome; some manufacturers and builders have already had to cut back operations. Bristol Brass Corp., for instance, has cut its work week from six days to five;

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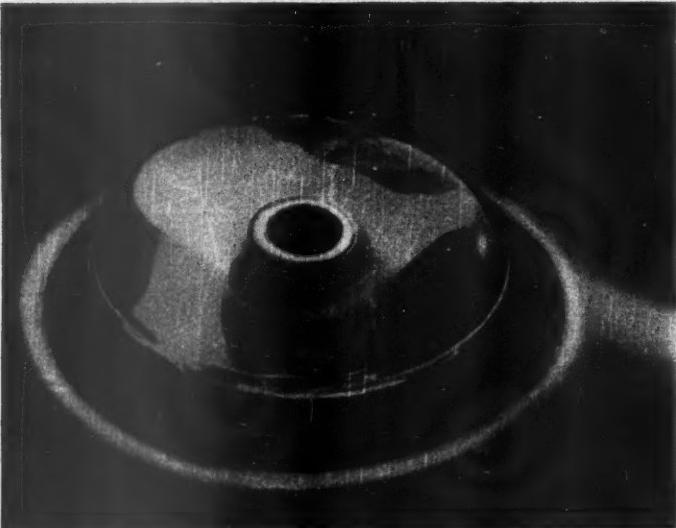
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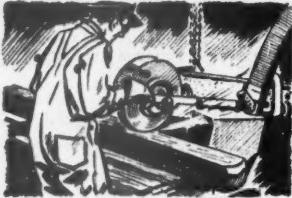
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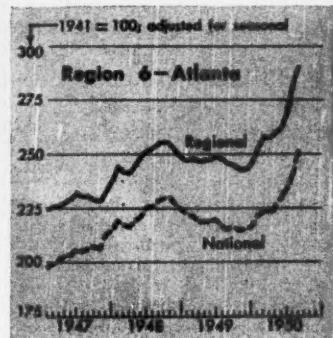


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American Brass has dropped to four.

On the other hand, Pratt & Whitney, at East Hartford, has shifted from a 40-hour to a 48-hour week; it plans to add 7,000 workers in the next 12 months. Hartford's two typewriter makers—Royal and Underwood—each added 300 workers this month; will take on more soon. Dow Chemical is building a \$1-million polystyrene plant at New London. A \$1-million frozen-food plant to be built at Eastport, Me., will employ 150. And Kollmorgen Optical Co. will hire 200 next spring for the plant it's building at Northampton, Mass.



Employment continues to rise in most parts of the region. Heavy goods are leading the advance in Birmingham and Gadsden. But Mobile employment, though rising, is still below a year ago. And in Greenville, Ala., a hat factory closed, throwing 300 out of work.

In Louisiana, the problem has changed in three months from one of finding jobs for 70,000 unemployed to one of finding workers to fill available jobs. Florida has finished the best summer tourist season in history. Textile plants in Georgia are at capacity.

The farm income picture is very bright. Record prices make up for much lower acreage in cotton. In the southern section, picking is almost complete. The important peanut crop of southern Georgia and Alabama will be smaller than last year's, but high prices will more than make up for that. Georgia's pecan crop is more than 50% above last year.

Biggest new plant announced for the region is a \$40-million newsprint mill at Naheola, Ala. (page 86). At Columbia, Tenn., Union Carbide has started on a \$5-million expansion; payroll will go up by \$350,000 a year starting next spring. Continental Can is building a \$14-million plant at Auburndale, Fla. Continental Oil Black Co.'s \$14-million carbon-black plant at Lake Charles, La., will open next spring. And Hercules Powder is building a \$14-million insecticide plant at Hattiesburg, Miss.

NORTON

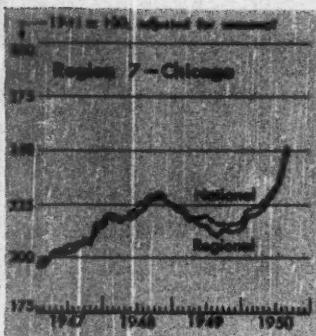
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All lines of business activity continue strong. Construction is showing a bit more staying power than elsewhere. Employment is still pointed higher; manufacturing industries are leading the way, but trade and service hiring is following right along. Only in Terre Haute and Clinton, Ind., is unemployment still a problem.

As a result, 11 of the region's 22 major labor markets are classed by the Bureau of Labor Statistics as areas of tight labor supply. There are only eight other such areas in all the rest of the country.

New plants and industrial expansions still top the spot news from the Chicago region.

- In Chicago itself, Ford is taking over the Dodge-Chicago plant to build airplane engines. Peak employment, six months to a year from now, will be 30,000. International Harvester has announced a plant and parts depot at Chicago to employ 850. Kropf Forge has added an 1,150-man second shift. Vulcan Mold & Iron is building a \$1-million plant near Chicago which will employ 150 starting about April 1. Borg-Warner will open a carburetor plant next month at Decatur, Ill.; will employ 550. The government has reopened the Kingsbury ordnance works at La Porte, Ind.

- In Indianapolis, the Allison Division of GM has bought a vacant plant, will employ 1,500 there; also plans to add 500 workers at another of its Indianapolis plants. And Marmon-Herrington will add 200 around the turn of the year, when it gets rolling on an order from the Chicago Transit Authority for 349 trolley coaches.

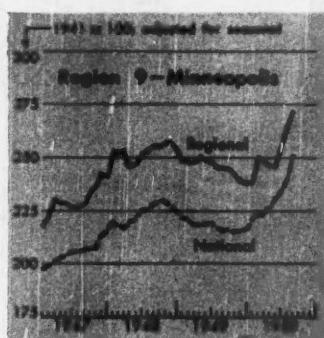
- At Wayne, Mich., GM has bought the former Stinson plant and will employ 500 starting in February. The Detroit Tank Arsenal is adding 1,000 workers. Kelsey-Hayes has bought and will reopen the former Thorrez & Maes plant at Jackson, Mich.

- At Des Moines, Firestone plans a \$5-million addition to its plant. And in Wisconsin, the town of Sparta expects a boom from reactivation of

nearby Camp McCoy, with 27,000 troops.

Prospects for farm income in the region are improving; it's now estimated at 5% ahead of 1949, instead of 5% to 10% lower, as was predicted earlier. The next two weeks should tell the story—if they don't bring an early frost, the corn crop through Iowa and Illinois is safe. In Iowa, the most important corn state in the country, only about 21% of the corn was in the mature, hard dent stage on Sept. 16, compared with 86% on the same date last year. So an early frost would catch a lot of corn in the immature, soft stage—and soft corn, which can't be stored, is ineligible for government price support.

Other crops in the Iowa-Illinois-Indiana belt—particularly oats and soybeans—are in unusually good shape. In Wisconsin, where some areas have already had frost, corn-crop prospects are very dubious. Michigan's big sugarbeet crop is coming along well. But onions—a major crop across the center of the state—have been hit hard by mildew.



Farm income makes up nearly half of this region's total income payments. And farm income, after declining for a year and a half, has turned upward. There are two reasons: increase in demand due to better general business, and sharply higher prices since Korea.

The region's crop yields have not been particularly good this year, though favorable weather over the next couple of weeks could bring the harvest up to last year's. The spring wheat harvest has been delayed by cold, wet weather; the corn crop, particularly important in South Dakota and southern Minnesota, is three weeks behind schedule.

Industrially the region is following the national trend upward. More people are employed today in Montana than ever before. Minnesota's unemployment is dwindling—partly due to local hiring and partly to recruiting from out of state. Reserve Mining Co. plans a \$60-million taconite plant at Beaver Bay, Minn., on the north shore of Lake Superior.



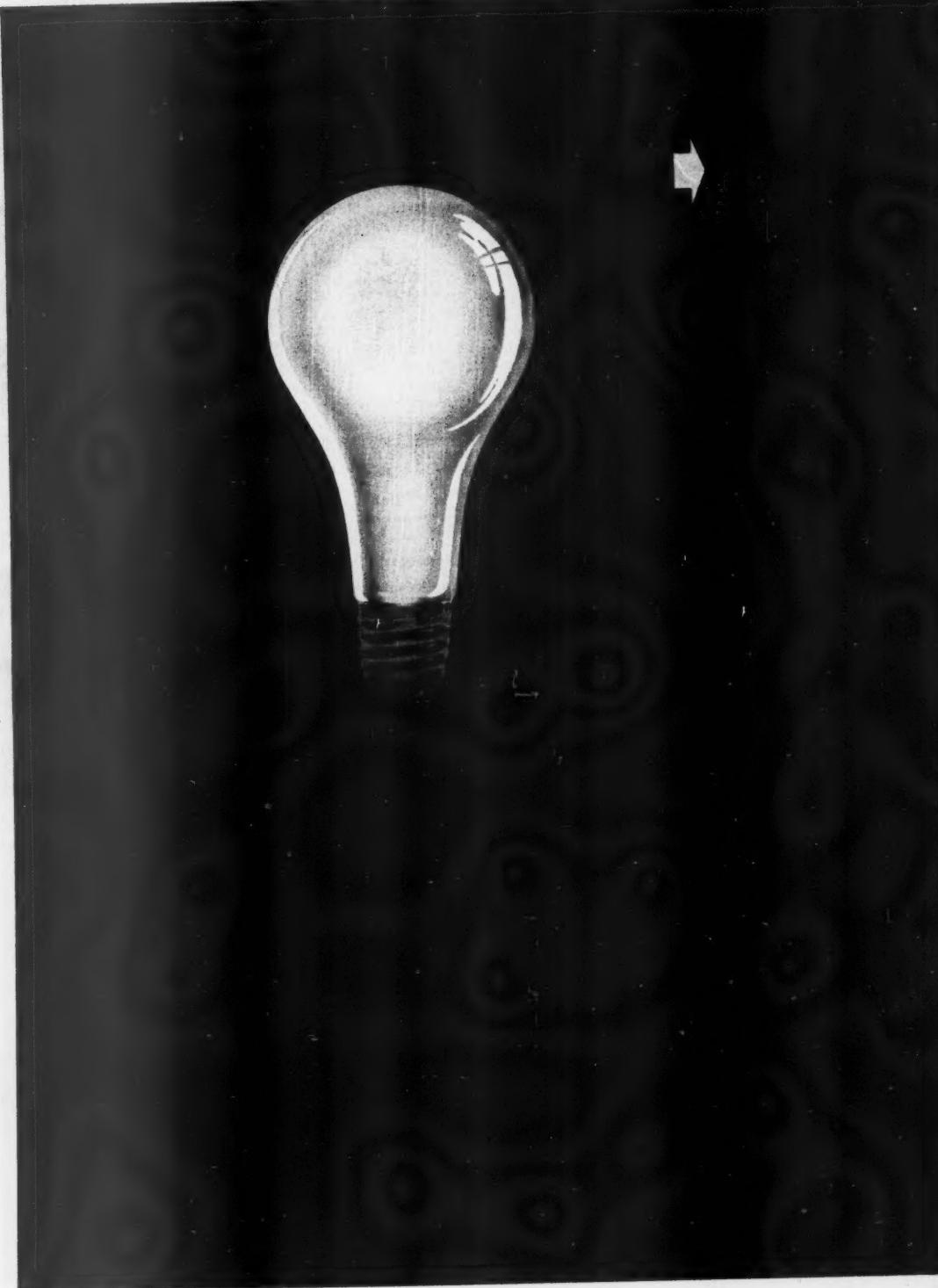
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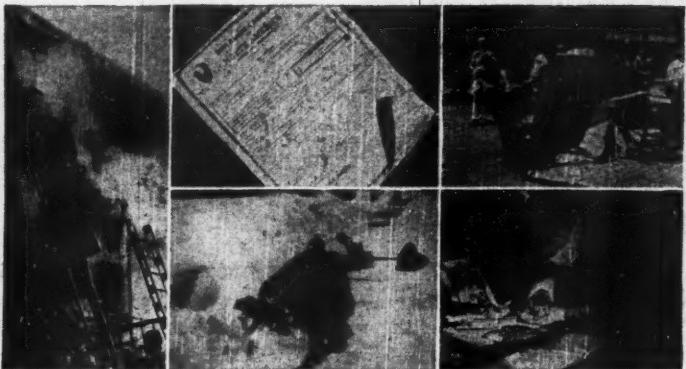
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ONE POLICY out of four: New homeowner's policy wraps up four household perils that used to be insured separately, as . . .

Packaged Policies Catch On

North America Insurance Co. introduces "multiple-line" policy covering fire, theft, and liability under one premium. Aetna and Atlantic Mutual also issue package policies.

Last week the Pennsylvania insurance agents of the Insurance Co. of North America received a revolutionary document from the home office in Philadelphia. It was a homeowners' policy combining fire and "extended coverage" insurance on the home and its contents, theft insurance, premises liability, and medical payments for injuries to guests and others—all wrapped up in one package. This "multiple-line" policy, said North America, will be about 20% cheaper than the total premiums on separate policies now giving similar coverage.

In present form, North America's policy is designed for smaller houses. The company says that it has a package policy for larger homes in the planning stage now. Package policies for business properties may be coming along after a while.

• **Good News**—That last should make U.S. businessmen prick up their ears. For many years they have been handing the insurance industry hard words about its rigid policy forms, its tight little provinces of fire and marine companies, casualty and surety companies, all separated by legal and traditional walls.

Businessmen have grown more and more critical of the fact that they have had to take out separate policies to protect themselves against such common industrial perils as fire, workmen's compensation liability, public liability, bur-

glary, auto liability, and auto physical damage. They feel that so many separate policies are costing them more than they should pay in premiums.

• **Moves to Combine**—These complaints have not gone entirely unheard by insurance executives. There have already been a good many moves by the carriers to combine the narrow coverages developed by the historical accidents of the business into broader forms.

For instance, one of the elements of the North America's new policy, extended coverage, is itself a package of at least nine different coverages. It protects against explosion, windstorm, hail, riot, lightning, smoke, and some other perils. From the time this coverage really got started, around 1934, it was cheaper than the premiums paid for its component parts. That's because the expenses of selling and administering one policy are lower than for several separate policies.

Extended coverage turned out to be so popular that premium income from this source has multiplied about five times in the past 10 years. The premium has been worked out as a composite of the premiums required for the component parts, less deductions on account of lower expenses.

A good many other types of package policies have been worked out in the past 10 years or so. One package well known to businessmen is the "Plan D"

casualty policy, which combines workers' compensation, public liability, and auto liability.

• **Blocked by Bureaus**—One reason the process hasn't gone quicker is that the different components of each package have usually been rated by different "bureaus." Bureaus are associations set up by the insurance companies to pool their experience, set rates, and enforce standards. They grew up out of the period of "cutthroat competition" in the last century, which caused many companies to cut rates too low. That forced some into bankruptcy, thus defrauding their policyholders. Each bureau works in a restricted field of insurance, and sometimes (especially in fire insurance) in a regional jurisdiction.

• **Locked by Laws**—Up until two or three years ago, most states wouldn't allow a fire company to write casualty insurance, or vice versa. But when the states were enacting regulatory legislation under the provisions of Public Law 15 (BV—Jul. 10 '48, p20), they broadened the powers of the companies. Now 44 states allow carriers to write multiple-line insurance.

Just the same, most of the package policies written so far have stayed within either the casualty and surety, or the fire and marine fields. Not many have crossed the line in the direction of an "all-risk" policy with one premium that would take care of all a buyer's insurance needs.

• **Competition Coming**—The North American policy doesn't go that far. It's a "named peril" policy, which covers a lot of ground but excludes from protection anything not mentioned specifically in the policy. But it does step across the line between casualty and fire insurance. And it's a policy with a mass market, since it's designed for low- and medium-priced homes. Because it includes insurance on furniture and other personal property (most fire insurance policies don't), plus theft insurance and public liability, it's going to create terrific competitive pressure for other companies to fall in line.

North America will try it out in Pennsylvania first; it plans to introduce it later in the other states that allow multiple-line policies.

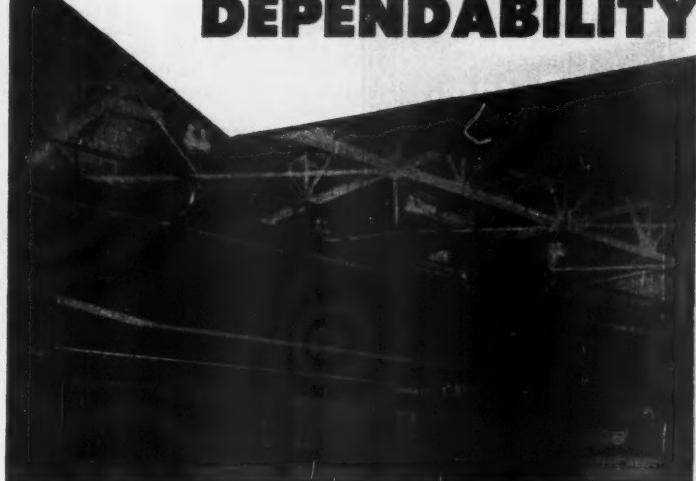
• **Aetna's All-Risk**—Other companies may try to block the policy, as they have tried to block a pioneer "all-risk" policy introduced last year by Aetna Insurance Co., another old concern with a lot of prestige. Aetna's innovation is an all-risk policy, drawn up to fit the needs of an auto manufacturer. It covers nearly all an auto maker's property against all perils except war, dishonesty, explosion, and a few minor dangers, provided that the property is outside his manufacturing premises.

• **Opposition**—This policy obviously has only a few potential buyers. But

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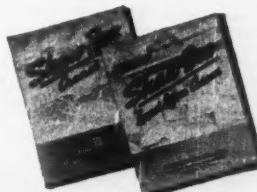


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it is very broad, perhaps the broadest ever written by an American company. That's why it has aroused the opposition of a bureau called the Joint Committee on Interpretation & Complaint. This was set up in 1933 by fire, marine, and casualty companies, including Aetna and many of its competitors. Its purpose is to guard the distinction between inland marine "floater" policies, which protect personal property anywhere, and fire insurance, which primarily protects buildings and property inside buildings. Floater policies had been invading territory handled by the traditional (and usually more expensive) fire insurance policies.

The Joint Committee, often called "the committee to preserve the preserve" declared early this year that the Aetna policy is an inland marine coverage, and that the company isn't entitled to write this kind of inland marine. At that time the committee had punitive powers to enforce its decisions.

But since Mar. 1, the committee's enforcement powers have disappeared. That's because the member companies feel their bureau's powers may violate the antitrust laws. Since 1948, insurance has been subject to federal antitrust laws (BW-Jul.10'48,p20). Traditional ways of doing things have had to be revised.

So Aetna has gotten direct permission from insurance officials in about 25 states to write the policy, bypassing the committee. Some state officials have backed the committee and turned down the policy. Aetna has made no attempt to clear the policy with the various rating bureaus involved, on the ground that an all-risk policy is an entirely new kind of coverage.

• **More to Follow**—There may be other "all-risk" policies coming along soon for manufacturers. Other companies will undoubtedly follow Aetna's lead. Already there are several kinds of multiple-line-automobile policies and household policies, and one that covers all kinds of personal property.

For instance, Atlantic Mutual Insurance Co., New York, had already added an all-risk "endorsement" to its regular fire insurance policy before North America came along with its package policy.

Atlantic's policy protects a house against everything except war damage, loss from deterioration, faulty design, appliance breakdowns, and a few other things. So it's broader in one sense than the North America policy. But it's limited to single-family, owner-occupied, detached houses. And it doesn't cover contents of the house, which must be protected separately. This policy was first O.K.'d by New York this spring and now is in effect in nine states.



Broker Promotes Fashion

Tyson & Co., Philadelphia brokerage house, recently got together with the local Blum store for an unusual tie-in. The store wanted to promote a new fall shade for women called "brokers' grey." So Tyson loaned tickers, ticker tape, charts, and manuals.

Nickel Plate Common Puts on a Show

On the New York Stock Exchange, NKP stands for the common and preferred stocks of the New York, Chicago & St. Louis R.R.—better known as the "Nickel Plate." NKP common is often a flashy performer. Last week it put on one of its fanciest shows.

NKP common was priced as low as \$56 last year. There had been no dividends since 1931, and at yearend preferred arrears came to about \$80 per share. Then earnings began to climb (BW-May 13'50,p98). The common stock got as high as \$111.

• **Quick on Uptake**—After Korea, traders gradually realized what a war economy would mean for railroads. They jumped on NKP for an upward ride. Last week the common shot up \$14 in two days. Early this week it was \$153.50, highest since 1929.

Behind the \$14 jump lay a rumor that Nickel Plate would borrow \$20-million from banks and pay off its preferred arrears in one lump. Previously, Wall Street had expected the road to pay them off gradually out of earnings; there had also been some discussion of a recapitalization to eliminate them.

• **Healthy Earnings**—But in Cleveland, sources close to the road said it is definitely not going to borrow money to pay the arrears and it has abandoned all thoughts of recapitalization. Earnings look so good that Nickel Plate will pay off the arrears soon anyway, it's said.

Banking Powwow

ABA holds 75th convention, hears plain talk from government on expanding credit. J. E. Shelton of Los Angeles elected president.

Seven thousand bankers crowded the corridors and convention rooms of New York hotels this week. The American Bankers Assn. was celebrating its 75th anniversary. And the bankers celebrated by discussing their problems.

• **Plain Talk**—The main problem was inflation. From government officials, the bankers got some plain talk about the rapid expansion in bank credit (BW—Sep. 23 '50, p94). The bankers replied with comments on the government's role in "overstimulating" mortgage lending and by advising it to cut non-military spending.

"Our system of deposit banking was not designed," said James L. Robertson, deputy currency comptroller, "solely to provide banks with relatively free funds to use exclusively for profit . . . the banker can no longer think only of the commercial integrity of his customer, of the business soundness of the proposed expansion . . . he must also weigh whether a proposed inventory increase is reasonably needed."

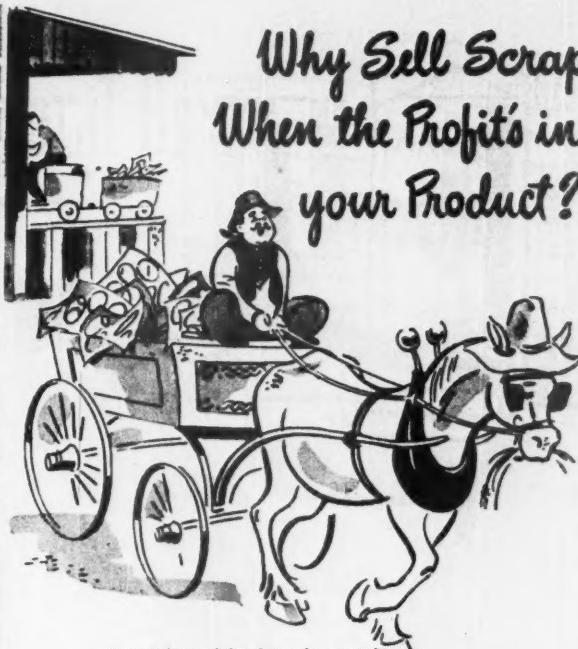
• **Credit Curbs**—From M. S. Szymczak, Federal Reserve Board member, bankers got a hint that new steps might be taken to curb bank credit. Szymczak dusted off an old scheme of the board's—the secondary reserve plan. He suggested that Congress might supplement heavy taxes and sales of U.S. securities to non-bank investors by requiring supplementary reserves from commercial banks. He said that if the Treasury had to sell securities to banks, the banks might be required to hold a "percentage of their deposits, in addition to present reserves" in the form of short-term governments or cash.

• **Shelton Picked**—President of the ABA for the coming year will be James E. Shelton (cover), since 1946 president of the Security-First National Bank of Los Angeles. Shelton's election indicates that bankers all over the country are becoming more interested in retail banking.

• **Second Largest**—For—next to Bankamerica—Security-First is the largest branch-banking system in the U.S., with over 1-million depositors. It has nearly \$1.6-billion in deposits, built up primarily by handling the business of the ordinary man.

Shelton boasts that if 5% of his bank's deposits—the large accounts—were taken out, the average deposit would be \$550. On the same basis, the average loan would be about \$1,350 if

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the 300 or 400 largest loans were deducted. Security-First has about 160,000 loans out.

- **Studied Law**—Like many bankers, Shelton started out as a lawyer. He got his A.B. and then a legal degree at Stanford University. But anybody who knew him then could see he was destined to handle money.

During his freshman year, he and his brother worked at a hash-house called the Stanford Inn. Next year they leased and operated the inn. By the time they had finished graduate school, they had each made \$6,000.

- **Trust Counsel**—After a few years practicing law, Shelton became trust counsel of the Title Insurance & Trust Co. of Los Angeles. There he attracted the eye of Joseph F. Sartori, president of the Security Trust & Savings Bank. In that year, 1919, Sartori was about to launch a program of branch banking expansion. Sartori wanted an alert, careful legal mind to carry through a number of mergers.

Shelton did his work so well he was named secretary in a year, elected director and vice-president in 1921. He was named chairman of the executive committee in 1934 and president in 1946. The bank had in 1929 merged with the Los Angeles First National Trust & Savings Bank.

Mother Bell Wants To Ring Up More Cash

Because more people want more telephone service, American Telephone & Telegraph Co. continues to set new records in corporate financing.

Last year, Mother Bell put over the biggest single piece of new-money financing ever done in Wall Street (BW-Apr. 30 '49, p.97). That time, the company sold about \$395-million of 10-year 3½% convertible debentures.

- **The Program**—Now AT&T is going to ask stockholders to O.K.:

- (1) A new convertible debenture issue which may total \$435-million.

- (2) An increase of authorized capital stock from 35-million shares to 45-million.

- (3) Stock purchase by employees of a maximum of 3-million of these shares.

Holders of two-thirds of the stock must vote for the plan before it can go through. The company is sending proxies for a special meeting Nov. 15.

- **Construction**—AT&T has already raised about \$3-billion in new money since the war, spent well over \$4-billion. But new construction is still running at an annual rate of \$1-billion. About 800,000 people are still waiting for telephones; 1.7-million party-line customers want better service.

Mother Bell doesn't expect to offer

the new bonds for several months after the stockholders approve them. But the company wants to be prepared, especially since the national emergency may place extra demands on it.

The company wants to increase its authorized stock because nearly all the present authorized stock has already been issued or is reserved for conversion of outstanding convertible debentures or for purchase by employees.

• Price Dropped—When news of the proposal reached Wall Street last week, AT&T stock dropped as much as \$3 a share from about \$152. Early this week it still hadn't entirely recovered. Today's market is apathetic to stock issues.

The company could easily raise all the money it needs by bond issues. But its long-term policy is to keep its capital structure about one-third debt, two-thirds equity. So it has raised about \$1.1-billion of its postwar new money in the form of convertible debentures. To get stock, owners have to put up some additional cash.

About \$600-million of these debentures have already been converted into stock, with additional cash payments of around \$218-million. Right now AT&T's debt is about 50% of the capital structure.

FINANCE BRIEFS

Prime rates on commercial loans were boosted from 2% to 24% by National City Bank and Central Hanover Bank, both of New York. Other major banks are expected to follow.

Life insurance sales hit an all-time high in August: \$2.5-billion—up 42% from the same month last year. For the first eight months, sales were \$18-billion—up 22% over last year.

Twelve independent movies will be financed over the next 18 months by Bankers Trust Co. and RKO. The films will be made by Jerry Wald and Norman Krasna.

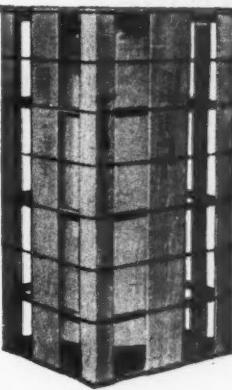
Illinois Central R.R. expects to meet all maturities until 1955 in cash. The road relies on earnings and depreciation to cut debts without digging deep into working capital.

The short position of stocks traded by the New York Stock Exchange climbed 8% between mid-August and mid-September.

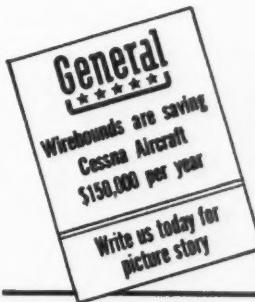
Fire losses in August were \$50-million, 0.5% below last year, says the National Board of Fire Underwriters. But losses for the first eight months totaled \$470-million, up 4.7% over the 1949 period.



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THE MARKETS

Last Week's 20 Most Active Stocks

	Week's Volume	High	Low	Close	Net Change
Int. Tel. & Tel.	231,600	\$14 1/2	\$12 1/2	\$14 1/2	+ 1 1/2
N. Y. Central	189,900	*17 1/2	15 1/2	16 1/2	+ 1 1/2
Am. Tel. & Tel.	105,700	152 1/2	148 1/2	150 1/2	- 1 1/2
Colo. Fuel & Iron	101,900	*22 1/2	19 1/2	22 1/2	+ 2 1/2
Canadian Pacific	95,400	19 1/2	18 1/2	19 1/2	..
U. S. Steel	84,800	*39 1/2	38 1/2	39 1/2	- 1/2
Baltimore & Ohio	83,100	*14 1/2	13 1/2	14 1/2	+ 1/2
St. Regis Paper	82,100	*10 1/2	9 1/2	10 1/2	+ 1/2
Socony-Vacuum	79,700	*23 1/2	22 1/2	23 1/2	+ 1/2
Pennsylvania R.R.	76,800	*20 1/2	19 1/2	20 1/2	+ 1/2
Am. & Far. Power 2nd pf.	71,200	15 1/2	13 1/2	14 1/2	- 1/2
Int. Nickel of Canada	65,500	*35 1/2	34 1/2	34 1/2	..
Radio Corp.	64,700	18 1/2	17 1/2	17 1/2	- 1/2
Studebaker	64,500	33 1/2	30 1/2	32 1/2	+ 1 1/2
General Motors	63,200	96 1/2	92 1/2	93 1/2	+ 1/2
Curtis Publishing	62,900	*8 1/2	7 1/2	8 1/2	+ 3/4
National Distillers	55,700	*26 1/2	25 1/2	26 1/2	+ 1 1/2
United Corp.	55,300	4	3 1/2	3 1/2	..
Columbia Gas	54,700	13	12 1/2	12 1/2	..
Graham Peige	54,600	2 1/2	1 1/2	2 1/2	+ 1/2

Wall Street Shuffles the Deck

Mobilization economy creates new standards of popularity in stocks: marginal companies that stand to gain in wartime, and stocks that are either tax or inflation hedges.

Wall Streeters are shuffling the deck to find the stocks that will make out best in a semiwar economy. The cards they are coming up with seem to fall in at least one of three categories:

(1) Shares of companies that would be able to operate at full capacity in wartime, even though they weren't able to in the civilian-goods boom of a few months back.

(2) Stocks that will provide shelter from the heavy taxes that go along with war.

(3) Stocks that will be a hedge against inflation.

Last week's 20 leading stocks on the N. Y. exchange (table) can be classified that way. Half of them were under \$20, low-priced stocks that, in one way or another, stand to do better in a mobilization economy than they did in peacetime. And most of the other ten stocks were war babies, too.

• **Mobilization Boomers** — Take the three U. S. railroad shares, N. Y. Central, Pennsylvania, and B&O. They are Eastern roads. Eastern roads were valued lowest among the rails before Korea, because of their short runs and

heavy commuter traffic. Since these stocks were valued lowest, traders figure they may advance the most percentagewise. That's why they have been popular since Korea.

Canadian Pacific is more than a railroad. It holds about 51% of the stock of Consolidated Mining & Smelting, a high-grade producer of lead and zinc. That's a good investment to have in a period of war and inflation. Some analysts figure that about two-thirds of Canadian Pacific's current market value is represented by its holdings of Consolidated. In addition to its rail property, Canadian Pacific also has oil rights and telegraph lines, both of which should benefit from a war economy.

• **Inflation Hedges**—This reasoning applies to stocks such as Colorado Fuel & Iron, a steel producer and a big fabricator of rails and wire products; International Nickel of Canada, world's chief producer of nickel; and Socony-Vacuum Oil. All these companies produce a good share of their own raw material. So their stocks should be good inflation hedges. U. S.

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Steel is also in this category. But you find it among the 20 leaders weekly.

Then there are industries that should do pretty well for other reasons. Paper stocks have done better since Korea than most stock groups. A high rate of business activity means more demand for paper. That's why St. Regis Paper hit a 1950 high last week.

National Distillers also reached a 1950 high last week. Before Korea, National faced increasing competition. Large stocks of aged whiskies were becoming available, endangering prices. Now that whiskey production may be curtailed, these stocks are precious possessions. National would probably produce alcohol for the government if

whiskey production should be curtailed.

There are some special situations on the list of leaders. American Tel. & Tel. was traded heavily because in-and-outers feared the proposed huge offering of convertible debentures (page 104) would have bad effect on the market price of the stock. International Tel. & Tel. got a \$5-million radar order from the government; the rumor was it was much bigger.

• Tax Shelter—United Corp., a perennial leader, is a utility holding company that is gradually distributing assets to stockholders. Such distributions are a "return of capital" and not taxable; hence the stock attracts investors in the high tax brackets.

FRB Rate Hike Lowers Corporates

All types of corporate bonds sold off this week. New offerings had sticky going lately. That's the bond market's mildly bearish reaction to the Federal Reserve Board's recent hike in short-term interest rates on government securities.

One exception to the downturn was last week's issue of Cleveland Electric Illuminating Co. bonds. The CEI bonds were priced to

yield 2.715%, the highest yield for an AAA bond offering of this size in about 14 months.

In spite of the uptrend in corporate yields, the spread between them and yields on long-term governments is very narrow right now. Moody's yield average for AAA corporates is 2.67%, only 23 basic points above the longest-term bank-ineligible Treasury 2½s.

Moody Rating		(All Prices Are % of Par)			Current Price Compared With	
		1946		1946-49 Current	1946	
		High	Low	Price	High	Low
AA Amer. Tel. & Tel. 2½s, 1986		100.37	285.00	95.50	-4.9	+12.4
AAA Atch., Top., & Santa Fe 4s, 1995		141.00	115.25	128.00	-9.2	+11.1
A Bethlehem Steel 3s, 1979		104.25	101.00	105.00	+0.7	+4.0
AA C & O 3½s, 1996		107.37	92.00	102.00	-5.0	+10.9
AAA Commonwealth Edison 3s, 1977		110.00	101.00	104.75	-4.8	+3.7
BAA Crucible Steel 3½s, 1966		101.87	88.50	96.50	-5.3	+9.0
AA Detroit Edison 3s, 1970		110.25	100.50	101.37	-4.4	+4.8
B Erie R.R. income 4½s, 2015		103.25	57.00	71.50	-24.0	+37.7
A Great Northern 2½s, 1982		100.62	82.50	95.00	-5.6	+15.2
B Gulf, Mob., & Ohio income 5s, 2015		104.25	60.00	84.00	-19.4	+40.0
BAA Lehigh Coal & Nav. 3½s, 1970		108.00	90.00	96.00	-11.1	+6.7
A Lorillard Co. 3s, 1963		106.25	100.25	103.00	-3.1	+2.7
B New York Central 4½s, 2013		98.25	52.00	71.75	-27.0	+38.0
AAA Norfolk & Western 4s, 1996		143.00	126.50	128.12	-10.4	+1.3
BA Northern Pacific 4½s, 2047		110.00	72.50	91.00	-17.3	+25.5
AA Pacific Gas & Elec. 3s, 1971		110.50	98.50	103.88	-6.0	+5.5
BAA Pennsylvania R.R. 4½s, 1984		135.50	83.50	102.25	-26.0	+20.1
AA Shell Union Oil 2½s, 1971		101.50	91.00	97.63	-3.8	+7.3
BA Southern Pacific 4½s, 1981		110.50	75.00	97.50	-11.8	+30.0
AAA Standard Oil (N.J.) 2½s, 1971		99.75	91.50	96.63	-3.1	+5.6
AAA Texas Corp. 3s, 1965		108.00	103.00	104.75	-3.0	+1.7
AAA Union Pacific 2½s, 1991		99.62	84.12	95.25	-4.4	+13.2
BAA U.S. Rubber 2½s, 1976		101.50	90.00	97.00	-4.4	+7.8
AA Virginia Elec. & Power 2½s, 1975		106.50	94.00	100.75	-5.4	+7.2
AA Virginian Ry. 3s, 1995		113.00	92.12	98.25	-13.1	+6.7
BA Western Union 5s, 1951		108.00	72.00	100.88	-6.6	+40.1
AA Westinghouse Elec. conv. 2.65s, 1973		108.00	93.50	104.25	-3.5	+11.5
BAA Wheeling Steel 3½s, 1970		110.00	103.00	105.25	-4.3	+2.2
A Wisconsin Pub. Serv. 3½s, 1971		106.58	99.34	101.75	-4.5	+2.4

Dow-Jones Bond Averages:

Higher-Grade Rails	119.72	100.55	106.41	-11.1	+5.8
Second-Grade Rails	103.04	81.98	95.06	-7.7	+16.0
Utilities	110.30	100.87	104.10	-5.6	+3.2
Industrials	106.58	99.34	101.75	-4.5	+2.4

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LABOR

Million Workers Seek a Raise

Steel and rubber unions open drives for fifth-round boosts and union shop. Alcoa's 10% voluntary pay hike paves way for demands of Murray's USW. Some increase seems likely.

CIO's powerful steel and rubber unions set out this week to get fifth-round wage increases for another million industrial workers.

Both the United Steelworkers and the United Rubber Workers are demanding "substantial" pay hikes. USW's wage-policy committee will meet Oct. 4 and 5 to decide just how much that is, in dollars and cents. URW has already decided it means 25¢.

Few now doubt that pay increases are ahead in the two industries (BW—Sep. 9'50, p112). The only question is how much.

• **Alcoa's Influence**—Rubber companies already have offered a wage increase, amounting to about 9¢ an hour. This week, Aluminum Co. of America offered a 10% raise—and put the heat on steel companies.

Alcoa's offer took everyone by surprise—including its unions and the major steel companies. The company volunteered to raise pay by 10% because of "the trend in the cost of living, other recent economic developments, and the company's policy of being fair and helpful to its employees."

The 10% would average out to a raise "considerably above" the current pattern of 10¢ hourly raises. According to the steel union, the principal labor organization in Alcoa, it amounts to 14¢ an hour.

Alcoa offered the raise in lieu of a Nov. 1 contract reopening on wages. USW accepted—but called on the company to open negotiations on "wage inequities and differentials, which no longer can be justified."

• **Effect on Steel**—In the past, a steel settlement has frequently set a pattern for aluminum contract terms. This time the shoe may be on the other foot; Alcoa's voluntary offer may become the steel-industry raise.

Philip Murray's steelworkers will hardly ask the steel industry for less than Alcoa offered voluntarily. Steel management undoubtedly will balk at giving the union any more than what it settles for at Alcoa.

• **Reopenings Sought**—USW has already mailed out wage-reopening notices to 1,400 basic and fabricating steel companies. It is asking that wage talks

start Oct. 9—instead of Nov. 1, as scheduled under present steel contracts.

According to Murray, speedy wage talks are necessary because of (1) "the needs of our people"; (2) the necessity of maintaining the highest-possible level of production; and (3) the growing manpower shortages created by the international situation, and the consequent demand for more workers. The common answer to all three needs, says Murray, is a higher steel wage.

U.S. Steel and other basic-steel contracts can be reopened only on wages this year. Under the agreements signed last year, if a pay settlement isn't reached by Jan. 1, 1951, the union can strike.

There's little likelihood that a wage dispute will reach that critical a stage this year. But would USW quit work over wage differences? Murray's only comment so far: "It is a little premature to be talking about a strike before negotiations have even begun."

Significantly, however, an obvious softening-up campaign is already on in some USW areas. Cleveland plants of U.S. Steel's American Steel & Wire Co. were shut down in an "unauthorized" stoppage by USW locals. Other wildcat strikes at Donora, Pa., Waukegan and Joliet, Ill., and Clairton, Pa., and a slowdown at Gary follow the same pattern.

• **Other USW Demands**—Steel companies don't have to talk anything but wages with USW this year. But the union plans to "suggest" to companies that they take up pensions and the union-shop issue, too.

In line with its union-shop drive, USW this week asked the National Labor Relations Board to set union-shop elections for some 85,000 employees of Carnegie-Illinois and 70,000 employees of Bethlehem Steel. Under the Taft-Hartley law, a majority of a plant's employees must vote for a union-shop contract (under which all employees must join a union) before one can be negotiated.

• **Rubber Bargaining**—The United Rubber Workers' wage drive is aimed first at the industry's Big Four—Goodrich, Goodyear, Firestone, and United States Rubber. Negotiations with the first two of these are now under way. The

No Pay Freeze

An upward trend in workers' living costs is inevitable—so labor should oppose to the hilt any immediate government move for a wage-price freeze.

That's the American Federation of Labor's policy on wage controls, set officially at AFL's annual convention in Houston last week. It's important because the 7,142,603-member federation has a strong voice in federal wage-price policy-making.

If tighter economic controls should prove necessary later, AFL says wage rules should permit:

- Adjustments of any wage inequities.
- Adjustments to meet any rise in living costs.
- Upward pay revisions as productivity rises—about 3% a year.

AFL took the same pro-raise position as CIO: High corporate profits "unquestionably" make wage increases possible without price boosts.

union reports "marked progress"; talks with the others start in October.

URW wants an across-the-board raise and also wants rates revised in regions where it claims inequities exist—mostly in the South. URW wants the same rates in northern and southern plants.

Also, as in the case of the steel union, URW wants a union-shop clause inserted in its contracts. For two years, URW has operated with a deficit; a union shop would force more rubber workers into the union, boosting union income, as well as membership.

• **URW Convention**—URW's wage policy was ratified last week at its annual convention in Cincinnati. In contrast to recent years, the 1950 session was uneventful—with no factional fireworks.

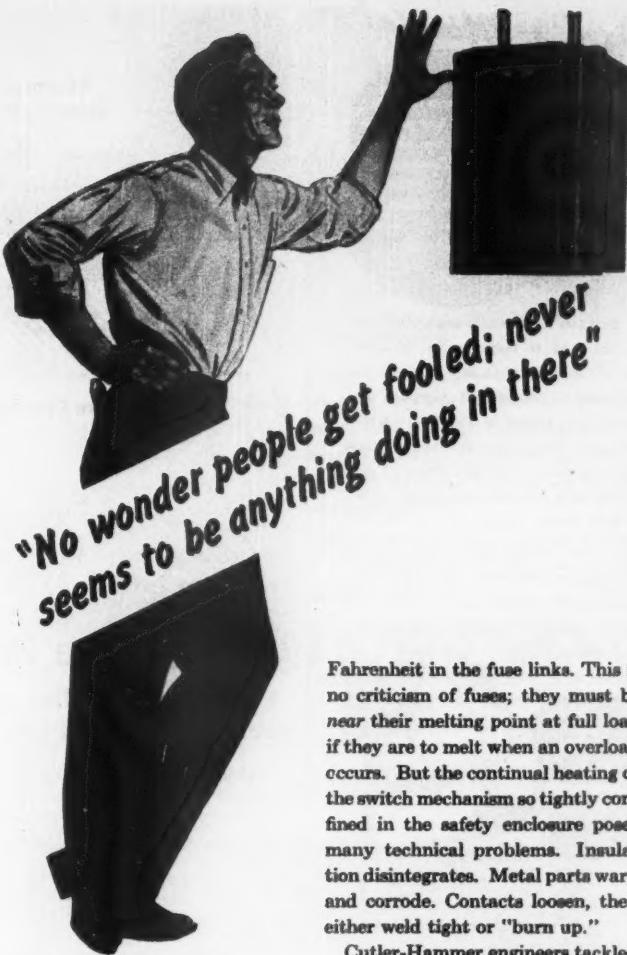
President Leland S. Buckmaster's administration was firmly in the saddle.

• Other Wage Moves

In other wage moves:

CIO's National Maritime Union called for a pay boost for 40,000 sailors on Atlantic and Gulf coasts; NMU has a wage-reopening clause in a contract which runs to next June 15.

CIO's United Shoe Workers asked employers of 12,000 members in 70 Massachusetts plants for a "substantial" wage boost. Contracts run to Jan. 1, 1951, with no wage-reopening. International Shoe Co., not one of the employers in the current wage move, already has upped its pay 6¢ an hour.



Fahrenheit in the fuse links. This is no criticism of fuses; they must be near their melting point at full load if they are to melt when an overload occurs. But the continual heating of the switch mechanism so tightly confined in the safety enclosure poses many technical problems. Insulation disintegrates. Metal parts warp and corrode. Contacts loosen, then either weld tight or "burn up."

Cutler-Hammer engineers tackled this problem of internal heating in safety switches nearly ten years ago, selected materials and designed a switch structure that could withstand such heating. The performance of Cutler-Hammer Safety Switches in service since that time is something you should know about and remember when you buy safety switches. CUTLER-HAMMER, Inc., 1275 St. Paul Ave., Milwaukee 1, Wisconsin.





You can get twice the production from that drill press by using Bellows Controlled-Air-Power[®] to feed the spindle.

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For even greater production synchronize spindle feed with "Controlled-Air-Power" work feeders and turn your drill presses into a fast automatic machine.



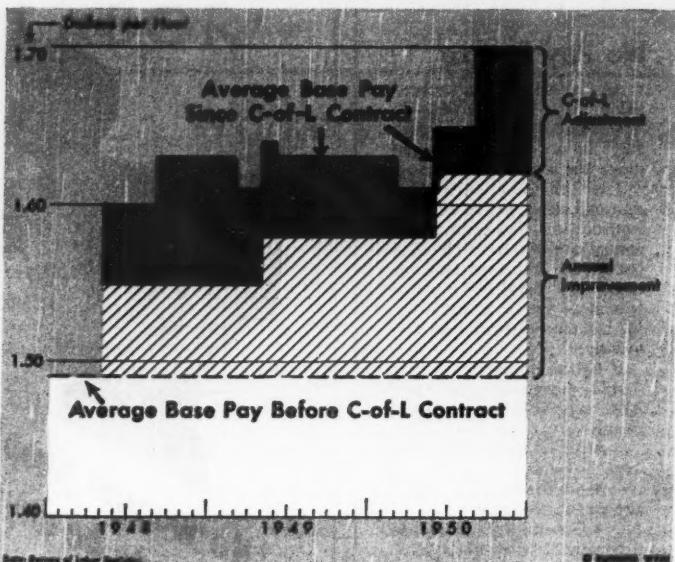
- "Production jumped from 800 to 2600 parts per hour" in hollow milling "Protek plugs." Foto Facts 47-778.
- "Tripled drilling production in automobile oil manifold." Foto Facts 47-229.
- "Cut labor costs 65% in reaming die cast record changer cam." Foto Facts 46-396.
- "Plastic Case drilled and tapped 100% faster." Foto Facts 47-414.

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Dept. BW-930.

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AKRON, OHIO



GM'S WAGE PATTERN under its three-year-old c-of-l and improvement-factor plan.

UAW Wage Policies—All Up

It has long, short, and medium term versions, but they all boost pay. Each starts with a 10¢ hourly raise as a minimum.

Wage policies of the United Auto Workers (CIO) now come in three styles, adjustable to the various requirements of its local unions. Top plan on the list is still the General Motors formula, with cost-of-living pay adjustments and annual "improvement factor" raise. But UAW's wage policy has flexibility.

• **Unionwide**—Settlements made by UAW in its whirlwind wage drive this fall show that. And it's evident, too, from the unionwide wage-raise policy announced by UAW's executive board.

This policy is directed particularly toward smaller locals that haven't yet closed 1950 pay deals. It suggests a choice among three sets of bargaining demands—depending on whether the locals intend to sign up for short-term, medium-term, or long-term settlements.

• **Favors Long-Term Deals**—The international union favors long-term agreements, running for more than just one year. But the international doesn't intend to pressure locals into long deals. This is UAW's advice to locals:

• For short-term raises: Don't invoke the wage-reopener clause in existing contracts that allow one wage-reopener each year. Instead, ask management for a voluntary raise—such as the 10¢ pay hike given by Chrysler. Then use the wage-reopener early

in 1951 if another raise is called for. UAW suggests a minimum 10¢ raise for production workers; 15¢ for skilled workers; more for those in some special job classifications.

• For medium-term raises: Use the wage-reopener, and demand additions to the existing contract—including a cost-of-living escalator clause and provisions for an annual pay increase. Base the escalator clause on BLS's Apr. 15, 1950, index figure, and thus get a 4¢ c-of-l advance right away. Get another 4¢ as a 1950 "improvement factor" raise—and provide for another 4¢ in 1951. Pick up another 2¢ on fringes; the over-all increase this year shouldn't be less than 10¢ for production workers, 15¢ for skilled workers, and more in some cases.

• For long-term raises: If the settlement is going to be for more than two or three years, go after the same package set up for medium-term pay agreements—but don't stop there. It may require an entirely new contract, but insist on: a broader pension plan, guaranteeing \$1.50 a month retirement pay from the company for every year of service up to 30; improved insurance coverage; and a union shop.

UAW also warns locals to be sure to provide in long-term pacts that the union can strike.

UE: Still Strong

Convention of left-wing electrical workers showed losses in membership and cash reserves. But spirit is still tough.

The 1950 convention of the United Electrical, Radio & Machine Workers (ex-CIO) makes this plain: UE is now numerically and financially much weaker than in 1949, but it's still a strong union and it's still just about as far to the left as a union can get.

• **Left-Wing Unanimity**—The convention, which was held in New York last week, was UE's first since it withdrew from CIO in November, 1949. More than 500 delegates attended. They voted near-unanimous approval of the union administration's entire program—economic, social, and political. Last year a highly vocal right-wing minority opposed the administration in a losing fight to win control of UE for CIO (BW—Oct. 1 '49, p94).

In contrast, complete left-wing harmony showed up this year as the convention called for:

A new wage drive, for "voluntary" raises where contracts have no wage reopening clause, for negotiated increases where contracts aren't closed tight. UE promised to "bring pressure" in either case to force wages up. Speakers pointed out that strikes over wages may be barred in the contract—but stoppages over unsettled grievances aren't.

A 35-hour week, with overtime after 35 hours instead of the present 40. Ultimately, UE says, a 30-hour week should be labor's goal; it's justified by "technical advances in production, the unparalleled work speedup, and high corporate profits."

Guaranteed full employment, with the government seeing that every worker has a job and a fair wage.

A revised tax policy, including an excess-profits tax and income tax exemption on all incomes under \$4,000 a year.

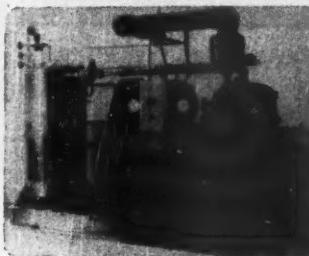
A price rollback to pre-Korea levels, and then a price freeze. But UE insisted that the government mustn't interfere, by controls, with wage-setting by orderly collective bargaining.

A fight against CIO efforts to take over UE plants, with UE taking the offensive in a campaign to organize where "militant leadership" is needed in steel and auto plants. In particular, UE criticized United Auto Workers (CIO) escalator contracts pegging wages to the BLS cost-of-living index—its arguments against c-o-l pacts paralleled those of UAW's active left-wingers.

• **Delicate Wording**—Politically, the union voted to support the defense of

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UE leaders who face contempt of Congress charges. They include two of UE's top three officers: Julius Emspak, secretary-treasurer, and James Matles, director of organization. Although both have signed non-Communist oaths, they refused to answer questions in a congressional probe of Communist activities in unions.

Delegates also voted to "call upon our government to . . . refuse to give financial support or to intervene with military support for totalitarian and corrupt regimes anywhere." The delicately worded resolution could be interpreted to bar U.S. aid to Russia, or Yugoslavia, or Spain—but there was no doubt that the resolution really was aimed at U.S. support for South Korea.

At the start of the session, UE's President Albert J. Fitzgerald sprang a surprise by pledging "100% support" to the U.S. war in Korea. However, UE didn't develop the "support" line. It stuck to anti-Marshall Plan, anti-U.S. foreign policy views.

Delegates reelected Fitzgerald, Emspak, and Matles without opposition. A small group abstained from voting for Emspak; they objected because UE's newspaper, which he supervises, "never has any criticism of Russian policies."

- **Strength Claimed**—The union claimed a 1950 membership of "well over 300,000"—despite the inroads made by CIO's new International Union of Electrical Workers (organized by secessionist groups from UE). This figure includes the membership of another former CIO union—the ousted, leftist Farm Equipment Workers, which merged 60,000 members with UE.

UE also claims "a majority" of contracts with electrical manufacturers. Most are pacts with smaller companies.

- **Losses**—Last year, UE claimed to have 450,000 members (not including the Farm Equipment Workers). Since then, it has lost over 200,000 members, mostly to CIO's fledgling IUE.

There are other indications of weakness in UE now. The heavy loss in revenue has forced a reduction in staff (from 168 to 92) and in some salaries and expense allowances. Once financially well-heeled and liberal with funds, UE is now definitely economy-minded.

But losses in strength and cash reserves haven't weakened UE's spirit—not if the tightly controlled convention last week really reflected rank-and-file sentiment in local unions.

The Pictures—Cover by Tran Mawicke, Acme—24 (top lt., top rt., bot. lt., bot. ctr.), 116; Harris & Ewing—20, 24 (top ctr., bot. rt.); Int. News—114; Robert Isear—42 (bot.), 127; Dick Wolters—22, 23, 42 (top), 43.

Absentee Remedy

Ford and UAW write realistic rules to stunt rise in absenteeism. Results, clouded by strikes, are watched by industry.

Now that jobs are more plentiful and pay is rising, factory absenteeism rates are climbing steadily again. It's a normal trend—but one that worried industrial-relations men would like to nip off right at the start.

• **Experiment at Ford**—This week, some of them were keeping a close watch on an anti-absenteeism experiment at Ford Motor Co.'s Rouge plant. It might offer a solution.

Ford officials and CIO United Auto Workers local representatives anxiously watched rising absenteeism figures in August. They agreed that something should be done to check the rise, so they negotiated a new set of absenteeism rules. These are to be effective for a six-month trial period at the Rouge.

• **Rules**—The new rules provide that:

(1) Every worker's absence record is wiped clean, just as though he was starting out on the job all over again.

(2) There's no penalty for future absences, provided they do not exceed three in any 60-day period.

(3) Permissible absences are qualified to this extent: If any department has more than 6% absenteeism in any one shift, the new and lenient rules are suspended, and the original penalties for absenteeism can be applied to all who are absent without a supervisor's approval.

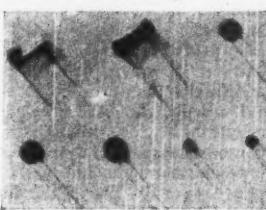
The idea is to let a worker skip a day now and then without it costing him anything but his day's pay. But the third part of the regulations makes it potentially more costly to stay out on high-tide days for absences, such as Mondays, the day before or after holidays, and right after paydays.

• **Wrench in Works**—The Ford-UAW plan had been in effect only a few days when a wrench fell into the works. Chrysler announced its voluntary 10¢-an-hour pay hike, and wildcat strikes swept Ford plants. The wildcats sent absenteeism figures way up before Ford rewrote its wage contract.

• **Union Pressure**—But it's an open question at Ford whether the wildcat strikes are entirely to blame. The weekly newspaper of Local 600 at Ford recently warned unionists that their new rules "stood in jeopardy as absenteeism figures continued to mount." It listed a series of departmental absentee rates averaging about 11% instead of the 6% set as a maximum.

Local 600 has backed the new rules from the start. To keep them in effect,

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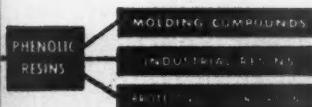
CHEMICAL RESISTANCE — major reason for use in bonding acid-proof brick.

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it is urging workers to stick to the job, not take time off just because they can do it without being penalized. Its newspaper, Ford Facts, admonished workers: "If the six-month trial period of the

agreement shows that it is unworkable, then we will revert to previous procedure and absentees will be constantly harried by labor relations and in many instances will lose their jobs."



UNION CANVASS MAP is explained by AFL business agent Matthew W. Davis (right) to D. P. Reynolds (left) and Frank Weikel (center) of the Reynolds Metal Co. in Louisville.

Union Made, Union Sold

Reynolds Metals' workers canvass Louisville on own time to promote sales of Reynolds' aluminum foil.

"The bigger and better and more successful the Reynolds Metals Co. is, the more job security we will have."

No management man said that. But Matthew W. Davis, business agent of an AFL aluminum workers' local union in Louisville, did. And the statement became the keynote of an unique, union-sponsored campaign to promote use of Reynolds' aluminum foil in the home. • **For Love of It**—The AFL union mustered 800 hourly paid workers from Reynolds plants for the campaign. After doing their daily shift at punch presses and other jobs, they called at more than 40,000 homes in the Louisville area—leaving samples of the Reynolds Wrap and explaining its uses. They did it on their own time—and without any extra pay.

Davis engineered the plan, with the support of Philip Farrell, the union president. J. Louis Reynolds, company vice-president, approved the project and arranged for the samples.

• **Task Force**—First step for Davis was to sell the idea to the union membership. The business agent and local president issued a bulletin for workers explaining the plan to "sell" Reynolds Wrap to more families. Then local officers, working with shop stew-



UNION CANVASSERS setting out to visit 40,000 homes to boost employer's product.

ards, selected the 800 canvassers. They were interviewed, two or three at a time, and given a suggested sales talk. Then they were assigned two city blocks each, usually near their homes.

Few workers refused to cooperate.

Reynolds officials called the union project "a new trail toward improved and intelligent cooperation with our company." And the drive paid off for the AFL local in public goodwill, too. The union reported that "people seemed to like the idea of workers peddling the goods they make."

Slowdown Penalty

NLRB reverses Denham, upholds firing of men who reduced output as wage-cut protest. "Temporary" boycott also hit.

Workers can't stage a deliberate slowdown and then claim the protection of the Taft-Hartley law against dismissal. And they can't engage in a "temporary" secondary boycott while they see what their contract says about handling "hot cargo" from a struck plant.

The National Labor Relations Board nailed down both of these points this week in two new interpretations of the labor law. Both reversed findings of former NLRB General Counsel Robert N. Denham.

• **Slowdown Case**—The slowdown case involved five carloaders at the Elk Lumber Co., of Medford, Ore. The company fired them, it said, when they slowed down their work to protest against a wage cut.

The wage cut followed an improvement in the company's system of loading lumber into railroad cars. Before, the loaders had to work at high speed to take lumber from a chain carrier and put it into the cars. At piecework rates, they averaged \$2.71 an hour—but it was backbreaking labor, with no chance to ease up.

The company changed the system to make the work easier. It then put the men on a flat \$1.524 hourly rate.

• **Carloading Decline**—Under the old system, a two-man crew usually loaded an average of one and a half cars a day. When the chain carrier ran steadily, without a breakdown, the crew might load two or three cars a day.

But under the new system, the same crews handled only one car a day. The company charged that workers had arbitrarily set this rate because (1) they thought one car a day was the quota at other mills, and (2) they figured it was enough work, anyway, for the new hourly rate of pay.

When the crews ignored warnings, they were discharged and new men hired. The replacements loaded cars at a two-a-day average rate.

• **Denham Backs Workers**—The case went to NLRB when AFL's Lumber & Sawmill Workers intervened in behalf of the nonunion workers. It accused the company of violating the individual workers' rights under the T-H law. General Counsel Denham's office agreed, and filed charges against the company. A trial examiner upheld the charges.

However, NLRB was unanimous this week in disagreeing with Denham and the trial examiner. The decision will be

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NORTH CAROLINA

WHERE INDUSTRIES PROSPER

an important precedent in slowdown cases.

The board held that a slowdown does not have the legal protection given, under T-H, to other "concerted union activities." NLRB said, in substance, that workers have a right to strike or quit their jobs—but they don't have a right to accept pay and decide on their own how much work they will do.

• **Boycott Decision**—The "temporary" secondary boycott case involved the Western Express Co., North Branford Transportation Co., and an AFL teamsters' union local. The union induced Branford employees to refuse to handle a Western Express shipment, because the teamsters were on strike against Western Express.

The Branford employees agreed not to handle the shipment until their own union attorneys could check to see if a "hot cargo" clause in their contract specifically says they have that right.

In the Branford case, the contract did not give workers the right to refuse. The company charged the teamsters with conducting an illegal secondary boycott.

• **NLRB Agrees**—Again, Denham's office and a trial examiner ruled in favor of the workers. They held that the secondary boycott wasn't illegal because it was only "temporary." NLRB unanimously reversed this finding.

Operators Organize;

Lewis Shrugs

How coal mine operators organize themselves is none of the United Mine Workers' business—just as UMW's internal affairs are no concern of the operators.

That's John L. Lewis' unofficial reaction to last week's announcement that mine operators have formed a Bituminous Coal Operators Assn. and elected Harry M. Moses to deal with Lewis (BW-Sep. 23 '50, p104). Officially, Lewis responded with only a "no comment."

• **Year-Round Job**—Over the years, UMW has consistently urged "continuous and responsible" leadership in the industry, on a year-round basis. It has complained that having to deal with different management negotiating teams—set up only during bargaining periods—has hampered "healthful" union-management relations.

Lewis aides in UMW pointed out this week that the operators' new association is supposed to provide year-round leadership. If it does, they say, it may solve one problem. It will provide a way for top-level management and union discussions of everyday problems "while they're still hot—and in need of solution."

LABOR BRIEFS



Back on the job, Georgette Walsh is showing SKF Industries' president, William L. Batt, that she can still turn out ball-bearing rings. She is one of many World War II women workers returning to plants.

• **Cost-of-living rise** of 3 to 5 points by the end of the year was predicted this week by Secretary of Labor Maurice Tobin in an address at Moline, Ill.

The machinists union now expects to return to AFL by the end of the year. Terms for reaffiliation were worked out last week at AFL's convention in Houston. IAM's 650,000 members are expected to approve them in a referendum.

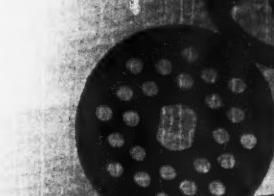
• **Reasonable attitudes** of management and seven unions have brought 13 years of labor peace to Marathon Corp.'s five paper mills. That's the story in the National Planning Assn.'s eighth case study on "Causes of Labor Peace."

The Hawaii Employers Council, which deals with Harry Bridges' ILWU, has lost one of its "Big Five" stalwarts. C. V. Brewer & Co., Ltd., agent for 10 sugar plantations, dropped out, cracking the council's united bargaining front. Brewer says a need for economy—not a policy split-led to its withdrawal.

• **Election petitions** have been filed by CIO's United Steelworkers and the Independent Steelworkers Union at Weirton Steel. Both claim bargaining rights for the company's 11,000 employees.

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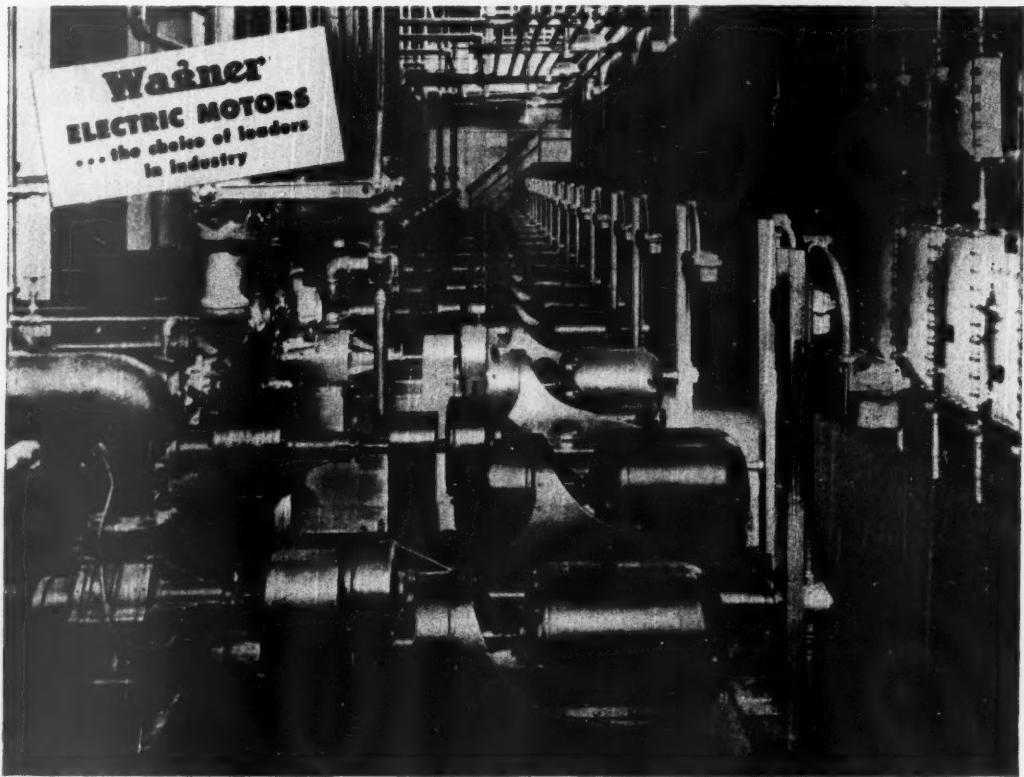
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INTERNATIONAL OUTLOOK

BUSINESS WEEK

SEPTEMBER 30, 1950



Washington won't be taken in by Russian "peace" feelers.

True, the State Dept. figures Russia is backing down fast on South Korea. But that's about all State expects.

There are no signs that Moscow is ready for a broad retreat in the cold war.

The U. S. wants to avoid, at all costs, open conflict in Korea with Russia and Communist China. Keep that in mind when you hear talk about crossing the 38th parallel.

Washington now feels sure that Secretary Acheson's careful diplomacy has removed the threat of intervention by Peiping. But that's no guarantee that Russia will sit still if there's a U. S. push into North Korea. The South Korean loss alone is about as bitter a pill as Stalin is expected to swallow right now.

Morale in Western Europe has shot up in the past two weeks.

First came Gen. Marshall's appointment as Secretary of Defense. That convinced our allies across the Atlantic that Europe will figure ahead of Asia in U. S. strategy.

Then the U. S. offensive in South Korea got rolling. That made West Europeans forget some of their doubts about the U. S.' ability to deliver a hard punch.

Discrimination against the dollar goods—via import and exchange controls—will continue in the British Commonwealth for another six months at least.

Britain's Labor government got agreement on that at a meeting of Commonwealth ministers in London this week.

What the British want is more time for a buildup of London's gold reserves. So they argued this way:

Sterling countries must keep on pushing dollar exports and limiting dollar imports until the impact of worldwide rearmament becomes clear.

London's gold reserve is now close to \$3-billion. But it must reach \$5-billion or more before sterling convertibility can be risked.

Three other important decisions were made at the Commonwealth conference:

(1) The Commonwealth countries (except Canada) will defend imperial trade preferences against attacks by the U. S.

(2) Commonwealth countries will refuse to extend "most favored nation treatment" in their trade with Japan. In other words, they won't give Japan an even break with other foreign countries. (The Commonwealth has sour memories of prewar Japanese trade tactics and moreover fears Japanese competition.)

(3) The Commonwealth will push ahead with a six-year development plan plus technical assistance in Southeast Asia. It's likely that the World Bank will be asked to help in this project.

The British Treasury is trying to dampen optimism over London's mounting gold reserves. (Unofficial estimates put the Sept. 30 figure at \$2.8-billion. That's twice what London had before devaluation just a year ago.)

Treasury officials warn that they have to make their heaviest dollar payments in the fourth quarter—for Canadian wheat and U. S. tobacco.

They also say that there may be a downturn in world commodity markets

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
SEPTEMBER 30, 1950

after a Korean victory. That would cut the Commonwealth's huge earnings from rubber, tin, wool, cocoa.

Look for a big fight between the moderates and leftists at next week's Labor Party conference.

It's now clear that British Labor moderates like Prime Minister Attlee had to give in to the leftists on steel nationalization. In return they got a promise of moderation on other issues.

But today the leftists are saying there is no need to soft-pedal socialism. Having bagged steel, leftist leader Aneurin Bevan now wants more welfare services, more "soak-the-rich" taxes.

The Labor leftists are against a big defense program. They claim that rearmament wouldn't be needed if Britain had the right foreign policy.

So Attlee, to get support for his defense program, may have to give in on economic policy. For example: higher taxes on business, but not on the workers; more controls instead of cuts in nonmilitary government spending.

Negotiations for a West European coal-steel pool (the Schuman Plan) have taken a queer turn.

The British, who boycotted the preliminary talks, now are ready to join.

But the West Germans, who were charter members, have thrown a monkey wrench into the works. Bonn says it must have veto power over all major decisions—because West Germany will have to sacrifice the most when the plan goes into effect.

Paris is miffed over the U. S.-British refusal to accept France's plan for pooling rearmament costs (BW-Sep. 16'50, p131).

French officials say they'll never be able to raise 15 new divisions in three years unless Washington and London change their minds. Privately, these officials also say that this is the French price for agreeing to a West German army. But the Pleven government will push ahead with plans for five divisions in 1951—even though that will heap 600-billion francs on a French budget already out of whack.

What West German industry contributes to Western defense is largely up to the Germans now.

The big problem for Bonn is to decide how much to produce for export and how much for arms. Already war orders from Belgium and France—mostly for steel and trucks—are piling up in German plants. But German companies are getting more and more export orders at the same time. The day will come soon when they won't be able to take care of both.

There's no doubt that Bonn will decide to put export orders first. And it will be hard for Allied occupation authorities to say no to this—since their goal is to get Germany permanently back on its own feet.

If the fighting gets much hotter in Indo-China, the sparks are sure to fly between Washington and Paris.

Any French reverses are sure to reveal the smoldering feud between U. S. military advisers and Gen. Carpentier, French commander in Indo-China.

Carpentier has no use for the native troops of Bao Dai. He has been slow to arm them, wants U. S. troops to help him out instead.

U. S. military men argue that native soldiers are naturals for Indo-China's guerrilla warfare.

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BUSINESS ABROAD

U. S. to Keep Exporting—Even If It Hurts

- "Priorities for international trade" is the new slogan for the mobilization program. Washington says exports must stay high.
- Western Europe needs U.S. machinery and supplies to put a strong economic base under its defense program.
- So you may have to pass up an order from an old customer to supply a foreign buyer.
- And you may have to watch a foreign competitor move into your overseas markets while you are busy on war work.

The Truman Administration will consider the preservation of world trade a top priority item in the defense effort.

That may mean you will have to fill an order from a foreign customer—even for a nondefense item—at a time when you are turning away old established buyers at home. It may mean, also, that you will have to sit by and watch a foreign competitor move into one of your overseas markets while you are preoccupied with defense production—production that contributes to the defense of your competitor's country.

Such policies aren't a sure thing yet. But the signs are that this will be part of the price the U.S. will pay for collective strength. War and inflation have outdated all the postwar textbooks that Washington economists wrote on international trade. Old cliches such as the "dollar gap" have been replaced with new ones—"priorities for international trade." "The dollar shortage is now a dollar goods shortage." One-time Utopian objectives, such as the free convertibility of currencies, are a lot closer—and a lot less Utopian—now.

• **Two Big Factors**—Two basic considerations are leading Washington along this line of thought:

(1) No defense of Western Europe is possible without a sound economic base. Hence, Western Europeans must be allowed to stay in the export-import business—the lifeblood of every one of them.

(2) Raw-material-producing countries must be allowed to buy essential goods for economic development with the earnings of their exports.

In the short run, the second consideration will be most telling. In the past three months, virtually every raw-material-producing nation in the non-Communist world has asked the State Dept., "What does the U.S. intend to let us buy with our dollars?" Many

who are asking this question were camped on State's doorstep last year asking for dollars to buy U.S. goods.

These nations produce the rubber, tin, fibers, and metals that the Western powers must have for defense. They produce the coffee, tea, and spices that the U.S., at least, won't go without.

Some of these governments—India, Indonesia, and Burma, for instance—are in precarious political shape. They must show their people economic progress or have their throats cut by the opposition. Other governments, such as many in Latin America, will stand or fall on national economic programs that depend on equipment purchases in the U.S. or Western Europe. In both cases, the governments are bound to guard their raw material hoards jealously until they get the best deal possible.

• **Dilemma**—Meanwhile, raw material prices soar and supplies remain uncertain. The French, representing a widespread opinion in Western Europe, have demanded some assurance from the U.S. that they can get their share of the raw materials pile at a fair price. Otherwise, the French ask, how do you expect us to make much of a contribution to Western defense? But the U.S. hardly wants to subsidize Western defense to the extent of supplying everybody with raw materials below cost.

In World War II, this dilemma was resolved simply enough. Only two nations—the U.S. and Britain—rated any say in the control of allied raw materials. Through the Combined Raw Materials Boards, the two powers split the pie between them, adopted spheres of influence for development purposes, and channeled funds and equipment into vital projects. The two powers had complete control of the seas; they therefore had complete police power to see that exports got where they were needed in the needed amounts.

In a new war the dilemma might be resolved equally easily even though there are a lot more producers and consumers in the act now. But for a limited mobilization that may last indefinitely, the World War II system would be too drastic.

• **It Could Be**—So one of these days the National Production Authority (which will allocate exports as well as domestic production) may hand out priority orders for, say, electrical equipment for India or farm machinery for Indonesia. This may be the only way to get Indonesia to channel its rubber into the Western defense machine at a reasonable price—or to persuade India to sign a long-term purchase agreement for sisal.

It may be, too, that the Brazilians will be spending dollars to buy from Britain goods just like the ones American firms used to ship regularly to Brazil. If the U.S. companies are tied up with defense orders and can't accommodate their Brazilian customers, they will probably feel justifiably annoyed—especially if their defense orders read for delivery in Britain. But that may be the price Americans will have to pay if they want their morning coffee. If the Brazilians can't buy anything in the U.S. with the money they get selling coffee, they'll go elsewhere.

• **Compensations**—The idea of letting the British take over American business in Brazil won't have much appeal in the U.S. But it has this much to be said for it. It could mean that for once Americans won't be asked to pay another whopping tax bill to bail the British out of a financial hole. If the British can earn dollars selling in Brazil, they may well be able to pay dollars for military orders here. Washington officials believe this would be a highly desirable alternative to lease or its successor, arms-aid grants—if it can be worked out.

These officials go even further. They argue this way: If the British sold for dollars in Brazil and spent the dollars for arms in the U.S., you could have at least a limited convertibility of currencies again. This wouldn't be orthodox convertibility as long as production in the U.S. and Western Europe remained strictly controlled for defense purposes. But at least the machinery of trade would be greatly strengthened against the day when production for defense assumed its normal proportion in the world economy.

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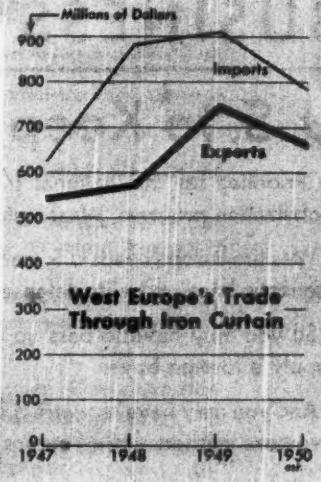
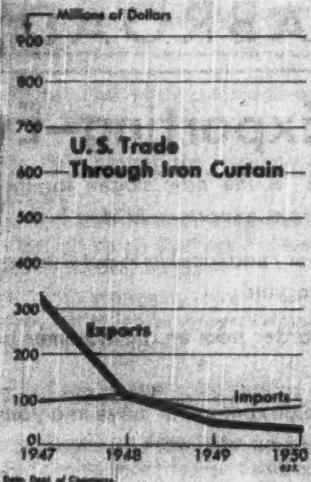
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EAST-WEST TRADE, dwindling rapidly but still vitally necessary, poses a . . .

Problem: Not Too Much, Not Too Little

U. S. wants to curb West Europe's exports of strategic materials to U.S.S.R.—without losing timber and grain from the East.

Washington has a tough equation in trade to solve: How to stop Western Europe's exports of strategic materials to Russia and its satellites without robbing the Marshall Plan countries of essential Eastern products such as timber and grain.

• **Halfway Solution**—The Senate tried to bull through an answer to the first half of the equation when it passed the Wherry amendment to the Supplementary Defense Appropriations Act. The amendment directed the Secretary of Defense to list all materials that go into the production of arms, then called on ECA to ban aid to any ERP nation that shipped any item on the list to Russia or its satellites.

This was just the sort of thing the Administration wanted to avoid. By ignoring the second half of the equation, it threatened to upset Western Europe's whole trading position. So Congress, under Administration pressure, dropped the Wherry amendment and put the problem in the hands of the National Security Council.

• **Nonconformists**—The U. S. has been trying for two years to get the ERP countries to conform to our own export control list. Instead, the Marshall Plan nations have drawn up lists of their own. In handling these lists, they have fallen down on the job so badly that some of our officials in Europe think our efforts have been almost a total failure. They are particularly worried by

the amount of machinery, especially machine tools, that is slipping from West to East through the Iron Curtain. For example, Western Europe's machine-tool exports to the East so far this year are 25% higher than they were a year ago.

• **Volume Down 40%**—Total trade today between Western Europe and the Soviet bloc (excluding Finland and Yugoslavia) is less than 40% of prewar volume.

Western Europe gets food and raw materials, particularly timber, from the East and sells manufactured goods in return. One of ECA's objectives has been to steer this trade where possible into nonstrategic channels. ECA chief Hoffman figures that without it the Marshall Plan would have cost another \$5-billion.

In many individual cases, both the U. S. and Western European governments have found it paid off to let small shipments of so-called strategic items get through. Hoffman cites the example of the current Italo-Soviet trade agreement. Italy is sending the Russians among other things 60 small locomotives for use in Russian mines; this is generally conceded to be a strategic shipment. But in return the Italians are getting 200,000 tons of iron ore, 20,000 tons of manganese, 100,000 tons of pig iron, 75,000 tons of steel ingots, some copper and nickel, plus 300,000 tons of wheat.



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Still another Armstrong's Adhesive can hold unsupported vinyl fabric without aid from me-

chanical fastenings. One of its uses is to make the stitch-free vinyl welting pictured above.

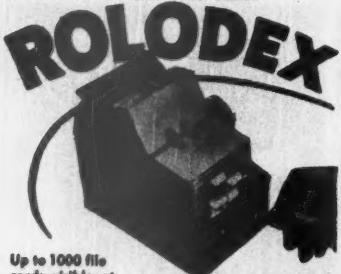
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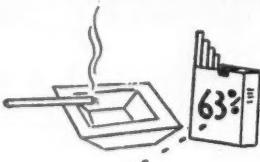
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VARGAS and friend: The best bet—but anything can happen in Brazil.

Who Will Run Brazil?

Next week's election will answer that question for the next five years. The U.S. has a stake in it because Brazil is a big customer and supplier. Whoever is elected will press for Washington aid.

Election fever is just beginning to break out in the U.S. But in Brazil, it's already a raging epidemic.

Next week, on Oct. 3, Brazilians will troop to the polls to decide who's to run Latin America's largest, most populous country for the next five years. And since Brazil is both a big customer and a big supplier, U.S. businessmen are watching the election closely. A new regime could make it tough for their interests there.

It could, but it probably won't. All indications are that whoever wins the election, U.S.-Brazilian relations won't suffer. The candidates for presidency all know that good business relations with the U.S. are something Brazil can't live without.

• **Much Ado**—Actually, Brazil's election has shaped up into a battle of national and state political machines: There's a lot of hysterical bobbing and weaving, but not many important issues are being aired. Little or nothing is made of foreign affairs and trade. Brazil's pressing economic problems are getting little play in campaign oratory. They'll have to be faced when the fun's over.

Just now, there's plenty of fun. As election day nears, the happy cacoph-

ony of electioneering grows louder and louder. Clouds of handbills float down from office buildings. Cruising sound-trucks emit an endless blat of sambas and exhortation. Sincere political faces look down from every wall where a poster can be stuck.

• **The Candidates**—There are three leading candidates: Getúlio Vargas, Christiano Machado, and Brigadier Eduardo Gomes. You can pay your money and take your choice on the winner. All three are "conservatives" in their economic philosophies. One expert, asked to classify them in European terms, put it this way: "Gomes is a little right of center, Machado center, and Vargas just a little left of center." Sketched on the thumb, they look like this:

• **Getúlio Vargas**. Brazil's former president-dictator, ousted in 1945, is the candidate of the Brazilian Labor Party. Right now he is considered the best bet. A self-styled "people's choice," Vargas plays up to the workers much the way Juan and Eva Peron do in Argentina. A master political chessplayer, he has built up solid support in the key states of São Paulo, Minas Gerais, Rio Grande do Sul.

• **Christiano Machado**. He's the

administration's man, put up by the Social Democratic Party of the outgoing president, Dutra. Machado's appeal is his "safeness"—nobody loves him, nobody hates him.

• Eduardo Gomes. An air force officer, a conservative who has been associated with popular movements, Gomes is probably closest to being the "businessman's candidate." He has a passionate body of supporters in the National Democratic Union; in 1945 he polled 2-million votes to Dutra's 3.25-million.

As yet the Army, always a dark horse in a Latin American election, hasn't intervened to seat or unseat a candidate.

Neither have the Communists come out strongly for any one candidate. Outlawed since 1947, they are working busily in an effort to insert themselves into the good graces of the regular parties.

• Economic Troubles—Whoever he is, Brazil's new president is going to have a potful of economic problems to tussle with. That's where the U.S. is interested.

Rising costs and big ideas have already thrown Brazil's budget way out of whack. And it's going to cost big money to keep the grandiose SALTE development plan going (BW—Jun. 24 '50, p. 113). That will mean heavy taxes, new appeals to the limited Brazilian capital market.

There are knotty import problems, too. Thanks to drastic import restrictions, Brazil now is reported to have a favorable trade balance with the U.S. of about \$140-million. But imports—especially dollar imports—are vitally necessary to Brazil. Now with the world in the throes of a war boom, Brazil is shopping furiously to replenish its stocks of raw materials and manufactures. Since Korea, prices have gone sky high. One financial journal in Rio estimates that the dollar surplus won't buy more than \$60-million at present prices.

• Who'll Pay?—The situation has Brazil's business leaders scared to death, sure they'll be caught short without essential materials to keep their industrial plant going. The question is: Who's going to foot the bill? The government can't do it without foreign help; private industry is leery about tying up what cash is available for stocking.

This is the question that puts a strain on U.S.-Brazil relations. Brazilians figure U.S. help to them hasn't been much in the light of what they did for the U.S.—during the last war, for example. They're green with envy—and not a little bitter—about Argentina's \$125-million credit from the U.S. So it's sure that the new president will increase the pressure on Washington for substantial dollar loans.

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PROGRESSIVE CHEMISTRY FOR A CENTURY

Seaway Now?

Canada wants St. Lawrence project started so badly it may go ahead on its own. New plan would cost more.

OTTAWA—When Congress blocked the first St. Lawrence Seaway agreement in 1932, it would have been hard to find a disappointed Canadian official. Their view then was that the whole project was premature.

Today, it's different. The Canadian government is itching to get things started. It's even possible that Canada may go ahead on its own if the U.S. Senate doesn't soon ratify the 1941 Waterway Treaty (which provided for a 50-50 sharing of costs).

• **Pressure**—All during the past year, Ottawa has been pressuring Washington to get on with the joint U.S.-Canada scheme to harness 2,200,000 hp. in the International Rapids and to build a deep-water navigation channel from the Atlantic to the head of the Great Lakes.

Canada has two reasons for wanting the project started now: (1) the rapidly expanding industrial area of central Ontario needs more power; (2) successful exploitation of the Quebec-Labrador iron deposits ties in with cheap water transportation to the big steel plants on the Great Lakes (BW-Sep. 23'50, p97).

• **Can't Wait**—A short time ago, Transport Minister Lionel Chevrier brought the new we'll-do-it-ourselves view into the open. He professed to be speaking on his own, but he had cabinet approval for what he said.

Chevrier's line was this: Canada can't wait forever if special interests in the United States continue to block the scheme. Ontario and New York State should be allowed to go ahead with the power development. Then Canada should explore the possibility of constructing the waterway on the Canadian side of the river.

• **Cost**—The St. Lawrence treaty of 1941 contemplated a dam above Cornwall and two navigation canals on the American side of the river. The overall cost of a completed waterway and power project was estimated then at \$544,059,000, including cost of works already completed, such as the Welland Canal between Lake Ontario and Lake Erie.

No official estimate is available of costs under present conditions. What's more, if a canal were attempted on the Canadian side of the river, it would be considerably more costly than the projected ditch on the American side would be.



Selling Newfoundland

U.S. businessmen are going to bear a lot about Newfoundland, Canada's youngest and least-developed province. Newfoundland's premier, the Hon. Joseph R. Smallwood, came to New York recently to talk economic development with leading financial men. Newfoundland, which includes ore-rich Labrador (BW-Sep. 23'50, p92), has a wealth of resources: vast timber stands, hydroelectric power sites, warm water ports, many minerals. As a start toward development, Newfoundlanders began building their first cement plant this summer. New York's Cement & General Development Corp. will take over the plant when it's done next year.

BUSINESS ABROAD BRIEFS

Biggest aluminum rolling mill outside the U.S. opened for business last week in South Wales. It's owned by Canada's Aluminum, Ltd. Mill can handle 150,000 metric tons yearly, boosting Great Britain's aluminum rolling capacity by one-third.

You can invest in Holland now with a minimum of red tape. The Dutch government has dropped dividend ceilings, retransfer of capital restrictions, eased other regulations.

"Big Six" steel trusts in Germany—among them Friedrich Krupp, Vereinigte Stahlwerke—are to be liquidated starting Sept. 30. The Allied High Commission wants them split into small, independent companies.

Tariff cutting begins Thursday at Torquay, England. Forty nations will be on hand. The U.S. says it's ready to negotiate cuts on 2,900 items on its tariff list (BW-May 27'50, p120).

Business is business. Russia sent the U.S. \$800,000 worth of strategically important manganese during July; that's \$200,000 more than the June, pre-Korea shipment.

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Inflation Isn't Waiting Until After Elections

Dollars spent for arms—and for feeding and clothing the armed forces, as well—won't go as far as they would even three months ago. And they won't go anywhere near as far as they did in 1944 or in 1939. These general conclusions are supported by these specific facts:

Food: Allowances in 1939 came to \$150 per man per year; now the estimate is \$365.

Clothing: Including individual equipment, the 1939 cost was \$122 a year; now it is \$377.

Airplanes: The B-17 of 1939 set Uncle Sam back \$330,000 against bomber costs of \$1.2-million to \$34-million for the giant B-50's, or B-47's of today. Fighters were had for \$67,000 to \$113,000 in 1939 but cost \$175,000 to \$275,000 now.

Destroyers: The 1,630-ton "tin can" of 1939 set the Navy back \$7-million; today's version is more than twice as large but six times as costly.

Jeeps: Prices are up from \$1,100 to \$2,700.

Tanks: The light model of 1939 came at \$27,000; today's counterpart is \$225,000.

These are figures the Pentagon sent to Congress to demonstrate why such large arms appropriations were needed. There was no effort to pin the blame for these higher price tags—just the statement of how much it costs to prepare the country for defense, much less to fight a war.

Cost-Price Merry-Go-Round

The problem posed, of course, is a serious one for the American taxpayer. However, he is not altogether unfamiliar with it. He has seen his government's expenditures go from a little under \$9-billion in peacetime 1939 to above \$40-billion in more-or-less peacetime 1948 and 1949. And he expects to see it go to \$60-billion in partial-war 1951.

Nor is the average American too surprised to hear that the cost of military procurement is up. He got a taste of rising prices between 1939 and 1946—and a real mouthful of inflation between 1946 and 1948. This summer he has had another treatment.

The real problem—and the government doesn't see fit to come to grips with it, at least until after election—is how much farther the price increases are going to go.

The consumer is told that his bare-bones cost of living has gone up about 4% in the last six months. (He isn't inclined, as the Pentagon did, to go back and compare with 1939; he's become more or less used to prices prior to this latest rise.) And if the consumer's standard of living is a little better than bare-bones, the cost has gone up a good bit more than 4% since last spring.

For business, it's still another story. The average price of a representative group of industrial raw materials has advanced more than 200% since 1939 and is

up by almost exactly 30% since the beginning of the Korean affair. This advance of 30% in prices of raw materials has by no means been passed along; prices of commodities other than farm products and food-stuffs, at wholesale, have risen by less than 6% in the last three months.

Here are some of the advances since 1939 in basic raw materials of industry: Natural rubber and raw cotton, 300%; zinc, 250%; wool 230%; lead 200%; copper, 125%; and tin, 100%. These same items, since Korea, have risen 110%, 215%, 15%, 50%, 7%, and 30%, respectively.

And, while talking about the cost of doing business, it might be noted that the average weekly wage in manufacturing has risen from \$24.50 in 1939 to above \$60 at the present time. Moreover, industry just now is in the midst of granting another increase in the hourly wage rate (not to mention the weekly-pay-raising factor of overtime as war orders are piled on civilian production).

These advances in raw material and labor costs account, of course, in large part for the higher prices on items needed by the military. And a very substantial item in the increased cost of arming is the much more complicated nature of the equipment needed now by comparison with 1939.

Of course, the price tag put on goods sold to the military isn't too important. The armed services are more or less guaranteed their money's worth by renegotiation of profits. The Army, Navy, and Air Force would gain little or nothing by price controls or other anti-inflation devices.

Industry, for its part, would most certainly be injured by price ceilings. Nobody has to be reminded that ceilings were largely inflexible under OPA while costs, mainly wages, were restrained rather than controlled.

Passing the Buck

Thus the arguments over what should be done about prices come down to looking out for the consumer. A jittery Congress, about to face the electorate, couldn't bear to see a war-powers law go into effect without paying lip service to the consumer's good. Thus we have legislation empowering the President to invoke price controls where he sees fit—providing wages are frozen at the same time in the industry involved.

Selective controls, of course, wouldn't work at all. There's no use in talking about controlling one segment of the economy and not another.

Selective controls would undertake to freeze wage inequities. Industries without price ceilings and wage freezes would be free to pirate labor—and particularly skills—wherever and whenever they saw fit.

GREAT IDEAS OF WESTERN MAN...ONE OF A SERIES

ARISTOTLE
on the importance
of the constitution
in a democracy

In democracies of the more extreme type there has arisen a late idea of freedom which is contradictory to the true interests of the state. For two principles are characteristic of democracy, the government of the majority and freedom. Men think that what is just is equal; and that equality is the supremacy of the popular will; and that freedom means the doing what a man likes. In such democracies everyone lives as he pleases. . . . But this is all wrong; men should not think it slavery to live according to the rule of the constitution; for it is their salvation.

ARTIST: EDGAR MILLER

CONTAINER CORPORATION OF AMERICA 

Another development using

B. F. Goodrich Chemical Company raw materials

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